Northampton for offices and sites
L Austin-Crowe
0604 34734

FINANCIAL TIMES

No. 27,657 Friday September 8 1978 ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Rebel missile downed plane

The Rhodesian Government said that a guerrilla missile had definitely brought down the Viscount aircraft which crashed at the weekend, and pledged revenge for the 48 people killed. Zambia appealed to Britain to restrain the Rhodesians from launching a planned air strike against targets in Zambia in retaliation for the crash.

Mr. Joshua Nkomo, the nationalist leader who earlier claimed responsibility for the shooting down of the Air Rhodesia Viscount, forecast that the Rhodesians would make air strikes against his camps in Zambia. Back Page

Wilson: I knew of oil

Sir Harold Wilson admitted that he knew that oil refined by British companies had reached Rhodesia in 1968, but said that the Government had been satisfied that there had been no direct breach of sanctions by the companies. Back Page.

Lib club probe

Scotland Yard is investigating allegations of bad management and homosexual practices involving some of the staff at the National Liberal Club, London. The claims were made by a member.

Crawford freed

U.S. businessman Francis Crawford was given a suspended sentence for black market currency dealings by Moscow City Court, amid speculation of a Soviet-American deal on prisoner releases. Page 2

Peace summit

The Middle East peace summit at Camp David entered its second day, with Egyptian President Anwar Sadat and Israeli Premier Menahem Begin still far from approaching the informality which President Carter hoped would ease negotiations.

Musician dies

Viola player Cecil Aronowitz died after collapsing while playing at a Suffolk concert hall. He was 62. Maria Carita, one of France's best known hairdressers, died in Paris.

Killer jailed

A 21-year-old member of the Ulster Defence Association was given three separate life sentences in Belfast, after pleading guilty to murdering two men on a bus in the city and to plotting the murder of his friend.

Bomb attack

An Arab flung a petrol bomb at the French Consulate in Athens, causing slight structural damage. He was seized by Consulate staff, who found two more bombs.

Smallpox hopes

Doctors investigating the Birmingham smallpox case are now hopeful that the disease has been contained. The condition of the only confirmed victim, Janet Parker, has improved slightly.

More sex crimes

Home Office statistics show that the number of sexual offences increased by 10 per cent in the second quarter of this year, compared with the same period last year.

Briefly . . .

Teacher in Czechoslavakia has given birth to quadruplets.

Keith Moon, drummer with The Who, died in London from a suspected drugs overdose.

About 100 people were evacuated from their homes after a tanker carrying butane gas overturned near Stockton, Cleveland.

Princess Margaret is to visit Tokyo in October.

Actor John Inman has been robbed of nearly £1,000 at digs in Bournemouth, where he is appearing in a summer show.

BUSINESS

Equities advance; Tin £85 up

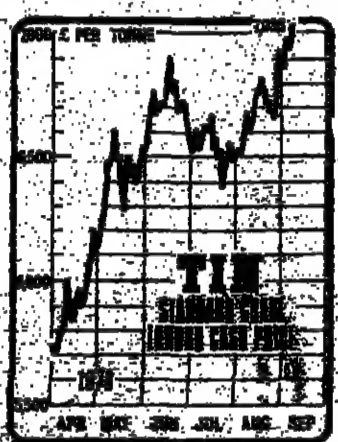
● EQUITIES revived before the Prime Minister's television broadcast and the FT Ordinary index put on 5.2 to 508.7. In Frankfurt, the Commerzbank index rose 4.6 to and eight-year high of 833.5.

● GILTS were dull with falls of 1/16 in shorts and ¼ in longs. The Government Securities index closed 0.18 down at 70.35.

● STERLING fell 50 points to $1.9375 and its trade-weighted average slipped to 62.2 (62.3). The dollar fluctuated in generally quiet trading and its depreciation narrowed to 8.8 per cent (9.1). The U.S. is to announce further measures to support the dollar, the U.S. Treasury has said. Back Page. Meanwhile the Canadian dollar sank to its lowest level for 45 years.

● GOLD fell $2 to $211¼ in London.

● TIN prices rose above £7,000 a tonne for the first time since last December, with standard grade cash tin £85 higher at £7,035, after trading at £7,060 a tonne. Page 27



● WALL STREET was 1.21 down at 894.58 just before the close.

● BRITAIN'S export growth is expected to pick up in the second half of this year, after little change in the first six months, according to the Department of Trade's latest survey of short-term export prospects. Back Page

● CBI today outlines policies which it claims could—with the help of North Sea oil—boost Britain's growth rate above 3½ per cent in the period to 1981 and create 1m new jobs. The document, Britain Means Business 1978, will be discussed at the CBI conference in November. Back and Page 7; Editorial comment Page 16

● MOSCOW NARODNY BANK has admitted that it has suffered losses in the Far East, stemming from expansion of lending, much of it in Singapore. Page 24

● TWO U.S. railway companies, Chessie System and Seaboard Coastline, which together cover most of South East and Central U.S., are involved in merger talks which would produce a group worth over $1bn. Page 24

● CHRYSLER shop stewards at Dunstable and Luton commercial plants have rejected the result of peace talks as a basis for a return to work. The dispute over pay parity has closed the plants since last Friday. Back Page

COMPANIES

● LLOYD'S of London reports record insurance profits of £135.2m, but warns that motor premiums would have to rise by 15-20 per cent in the New Year. Back Page

● CADBURY SCHWEPPES made first-half pre-tax profits of £18.5m (£18.7m) on sales 11.3 per cent up at £446.2m. Page 18 and Lex

● BRITISH PRINTING CORPORATION announces first-half pre-tax profits up from £1.13m to £2.36m and is making a three-for-10 rights issue to raise £3.8m. Page 19

● RICHARD COSTAIN pre-tax profit for the first half of 1978 rose 41 per cent from £11.52m to £16.22m on turnover of £260m (£197m). Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

ET Dfd.	116	+ 6
rent Chemicals	216	+ 8
Cadbury Schweppes	58½	+ 3½
Caledonian Cinemas	500	+ 30
Capper-Neill	90	+ 6
Casket (S.)	70	+ 7
Comb. English Stores	119	+ 4
Compton and Webb...	55	+ 12
Costain (R.)	250	+ 8
Dowty	285	+ 8
Heron Motor	131	+ 6
Cooper	140	+ 13
Lon. and European ...	33	+ 3
Plessey	111	+ 6
Ratners (Jewellers)...	76	+ 7
Sun Alliance	546	+ 12
Western Motor	115	+ 21
Wilson (Connolly) ...	146	+ 6
Selection Trust	495	+ 29

FALLS

GKN	268	− 4
Walker (J.)	122	− 6
Assam Invs.	110	− 5
CRA	324	− 12
Kloof	636	− 24
Tanks	181	− 6
Western Areas	199	− 8
Western Deep	865	− 40

PARTIES IN TURMOIL AS PRIME MINISTER SAYS 'NO' TO AUTUMN POLL

Callaghan's election gamble

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER astounded the political world, and most members of the Cabinet, by announcing on television last night that he did not intend to call a General Election this autumn, but would seek to continue in office into next year.

The decision, which threw Whitehall and the political parties into trmoil, is a massive *political gamble, as there is no* certainty that Mr. James Callaghan's minority administration will be able to survive a vote on the Queen's Speech at the start of the new Parliamentary session in November.

The two grave dangers facing Mr. Callaghan are an early Commons defeat that would precipitate a General Election in the middle of winter; and the prospect of a deteriorating economic and industrial scene in the coming months.

It was a decision reached by the Premier alone, and there is evidence it was taken against the strong advice of many members of the Cabinet, senior officials at Transport House and trade union leaders.

The conventional wisdom remains that economic factors, particularly outstripping of inflation, by wage rates, gave Labour a sporting chance of pulling off a remarkable election victory.

Some Ministers fear that if the rate of inflation now just under 8 per cent, should rise in the coming months, and if Mr. Calaghan fails to hold his tough wages guidelines of 5 per cent, disaster could lie ahead for Labour.

But the Prime Minister, having advised his Cabinet colleagues in the *morning and maintained* a remarkable security blanket throughout the day, said on television that it was in the country's best interests for the Government to remain in office and to launch the fifth and final session of the present Parliament.

"We shall face our difficulties as we come to them. I can already see some looming on the horizon. I cannot promise that we shall succeed. I can say that we deserve to," he declared.

It was a courageous performance that will lay him open to the accusation of appalling bad judgment should the gamble fail and Labour is ousted from office by the Tories in the winter or next spring.

Mrs. Thatcher, the Conservative Leader, said Mr. Callaghan had made a grave mistake, and his decision was against the national interest.

"He has lost his majority and with *it the authority to govern*," she stated during a tour of West Midlands marginal constituencies.

Mrs. Thatcher made it clear that the Conservatives would try to defeat the Government on the Queen's Speech in November.

"We shall try because we believe it is in the nation's best interests," she declared. But the Tories would need the support of the minority parties, the Liberals and the Nationalists, to succeed in bringing down the Government.

Mr. David Steel, the Lib Leader, described the announcement as *"truly astounding."*

In his view the present Parliament required a fresh life that only an election could bring.

"As it is, the Government expects to stagger on through a difficult winter with no majority in the Commons.

"This will not inspire confidence. The country had expected an election. *The sooner* the Government goes to the country the better, and we shall act accordingly."

At present the Government and its allies are in a minority

Continued on Back Page

Text of statement Page 12 ● Editorial comment Page 16 ● Politics Today Page 17

Frederic Mansfield

Mr. Callaghan outside No. 10 yesterday. Will be be there after the vote on the Queens Speech in November?

SoCal takeover bid rejected by Amax

BY DAVID LASCELLES

NEW YORK, Sept. 7.

THE PROSPECT of one of the largest U.S. takeover battles yet loomed today with the rejection by Amax, a leading mining and natural *resources company*, of a bid by Standard Oil of California, the fourth largest U.S. oil company.

The offer, which valued Amax at about $1.85bn, was seen by industry analysts here as further evidence of a growing trend among oil companies to diversify into non-wasting assets at a time *when they enjoy a high cash* flow.

SoCal, which bought a 20 per cent share in Amax for $338m in 1975, proposed to buy up the remaining 80 per cent of its outstanding shares. It offered to pay $57 in cash for between 25 and 39 per cent of them, and exchange the remainder for Common and Preferred stock of its own.

After a meeting that lasted well into the night, the Amax Board this morning rejected the bid as uninvited and not in the best interests of its shareholders. The three directors that SoCal maintains on the Amax Board were not present at the meeting.

Mr. Pierre Gousseland, chairman of Amax, said the Board had unanimously rejected So Cal's approach because they considered Amax to be sound financially and to have excellent prospects. He also said that Amax's size and the fact that it is the third-largest U.S. coal producer was bound to raise serious anti-trust questions if it merged with So Cal.

However, So Cal does not seem ready to give up the fight. Mr. H. J. Haynes, the chairman, swiftly produced a statement rejecting Amax's anti-trust arguments. He said: "There are no anti-trust restraints today any more than there were three years ago when, with the full support of the Amax management and Board So Cal invested equity capital in Amax to acquire a 20 per cent interest."

Cash flow

He pointed out that at the time the Federal Trade Commission had made an extensive investigation, and had raised no objection.

SoCal also emphasised today that on the basis of last night's market close, its offer represented a premium of about 30 per cent and that it would more than double dividends for Amax shareholders.

SoCal would not say what it planned to do next. However, it was not expected to let its offer rest there. Nor is Amax likely to leave unresolved the matter of such a *large restless shareholder*.

The possibilties now include a decision by SoCal to appeal directly to Amax shareholders with a tender offer or for Amax to call in a "white knight." The possibility of interest from another suitor cannot be ruled out either.

Amax sales last year were $1.34bn, and earnings $69m. Its major products are metals, coal, and minerals. SoCal, which operates under the name Chevron, had sales of $21bn and a net profit of just over $1bn. Its cash flow has recently increased with the opening of the Trans-Alaskan Pipeline from which it refines oil in California and its interests in the Ninian Field in the North Sea.

In the last two months, two large energy companies with North Sea interests — Texas Eastern and Occidental—have made bids for natural resource companies in what is seen as a long-term strategy to balance their dwindling energy assets.

The largest U.S. takeover so far was the $28bn acquisition of Utah International, another natural resource company, by General Electric in 1976.

Mining News, Page 21

Dearer home loans 'likely'

A FURTHER rise in mortgage rate *before Christmas* was forecast yesterday.

The rate could be raised from its present 9¾ per cent to 10 per cent which would probably mean a more plentiful supply of mortgages by next spring, say estate agents Bernard Thorpe and Partners.

Profits up at ICI and BP

BY KEVIN DONE

British Petroleum and Imperial Chemical Industries both reported improved profits for the second *quarter* of 1978 compared with the first quarter with results in line with market expectations.

BP's performance has been boosted by the inclusion of Sohio on a consolidated basis for the first time, since its interest in the U.S. oil company has now increased to more than 50 per cent.

ICI's results are beginning to reflect the slow recovery in chemical markets and sales volumes have improved significantly in the second quarter.

BP's shares closed at 890p, down 4p for the day, while ICI's price gained 4p to close at 405p.

BPs profits in the second *quarter of £120.8m (before extraordinary items)* compares with £109.5m in the second quarter of last year. However, profits for the first half of the year are down by 18 per cent to £206.4m compared with £254.3m in the first half of 1977.

ICI pre-tax profits in the second quarter were £136m compared with £119m in the first quarter and £169m in the second quarter last year.

Results Page 18 and 19
Lex, Back Page

EEC action on UK drink tax

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 7.

THE BRUSSELS Commission has decided to take Britain, France, Italy and Denmark to the European Court of Justice on charges that their systems of taxing alcoholic beverages *discriminate unfairly in favour of* domestically-produced drink at the expense of imports.

In Britain's case, the Commission challenges the wide disparity between duty on wine and beer. That on wine, much of it imported from EEC countries is about five times that on beer, predominantly brewed in the UK.

The cases against France, Italy and Denmark concern the market for spirits. The Commission says they illegally protect their domestic producers by discriminatory taxes on imports, particularly on spirits distilled from grain.

If the Commission won, the court's decision could lead to removal of some barriers to exports of Scotch whisky to the Continent, about which Scottish distillers have long complained.

A decision against Britain could lead to a cut in retail wine prices through reduction in the difference between duties on wine and beer.

It is assumed that for political reasons the UK Government *would do this by cutting duties* on wine rather than raising them on beer.

This would be welcomed by Continental winegrowers as well as by wine-consumers in Britain, where duties on wine are the highest in the EEC, and cited by producers as a main reason for low UK wine consumption, which at about six litres a person annually is among the *smallest in the Community*.

But because UK duties are assessed at a flat rate any reduction would affect cheaper wines proportionally more than expensive vintages.

The EEC claims that the various tax systems violate Article 95 of the Rome Treaty banning Governments from *taxing imports from* other EEC States at a higher rate than similar domestic products, or protecting national producers indirectly by tax.

A key assumption in the Commission's arguments is that certain beverages, though produced from different ingredients and by different processes, are "similar" products which compete for the same market. It contends for example, that sales of cognac in France are in direct competition with exports of Scotch.

Britain is not expected to take issue with this assertion directly, but to say that the difference in duty rates is justified by differing patterns of national consumption of the two beverages, pointing out that most beer is drunk in pubs on the premises, and most wine at home.

Reaction, Page 2

Reynolds of U.S. in £45m sale of British Aluminium holding

BY ROY HODSON

REYNOLDS METALS, the world's third largest aluminium producer, yesterday sold its holding in British Aluminium in a £45m deal. The American group had held 48 per cent of *the UK company* since 1959.

Tube Investments has bought a block of 1m shares from the Reynolds holding for £7.75m. This raises its holding in British Aluminium to 58 per cent.

The major part of Reynolds' stake has been sold to more than 100 financial institutions.

British Aluminium has long-term expansion plans in its new role as the only British-owned major aluminium company. Worldwide demand for aluminium is expected to increase at between five and six per cent a year into the 1980s. The company's priorities are likely to include new smelter and alumina capacity.

Tube Investments, with just under 50 per cent has been the other major shareholder in British Aluminium. It and Reynolds secured control after a bitter take-over battle in which they were ranged against Alcoa, the biggest aluminium producer in the U.S.

British Aluminium had asked for a temporary suspension of stock exchange dealings in the company's shares while the placing took place.

Mr. W. Leonard, a Reynolds director, said last night his company intends to use the cash for new investment—mostly in the U.S.

British Aluminium is forecasting profits this financial year of £24m-£25m compared with £24.1m before tax last year.

Mr. Ronnie Utiger, managing director of British Aluminium, said last night the company had a cash flow—sufficient to carry on with a substantial investment programme over the next few years.

News Analysis, Page 6

£ in New York

—	Sept. 6	Previous
Spot	$1.9425-9435	$1.9420-9430
1 month	0.75-0.70 dis	0.52-0.46 dis
3 months	1.75-1.70 dis	1.44-1.38 dis
12 months	5.70-5.50 dis	4.95-4.65 dis

LIFE'S GREAT!

It certainly is when you've got one of GRE's Family Income Benefit policies behind you.

(If you haven't, talk to your insurance adviser today).

Guardian Royal Exchange Assurance

Head Office: Royal Exchange, London EC3V 3LS.

One of the world's great insurance companies.

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

W. German search for terrorists

By Jonathan Carr

BONN, Sept. 7.

WEST GERMAN authorities today launched an extensive search for accomplices of a leading terrorist suspect, shot dead by police in Duesseldorf.

Documents were found on the body of the dead man, Herr Willy Peter Stoll, aged 28, which it is believed may have given a new lead in the hunt for terrorists. Police declined to give details.

Herr Stoll was on the West German police's most-wanted list in connection with the murders last year of Dr. Siegfried Buback, the Attorney-General, Herr *Juergen Ponto*, a banker, and Dr. Hanns-Martin Schleyer, a leading industrialist.

He was recognised while dining last night in a Chinese restaurant near the centre of Duesseldorf and police were called. Police said that when asked for his identity papers, Herr Stoll tried to pull a gun. One of two officers present fired four shots, two of which hit Stoll, who died soon afterwards in hospital.

Herr Stoll was one of three suspects who, posing as a film crew, recently hired helicopters and took photographs of the area near where other terrorist suspects were jailed. It is thought likely that the two other members of the group, Herr Christian Klar and Frau Adelheid Schulz, were also in the Duesseldorf area yesterday but there is no confirmation.

The helicopter exploit, and the *inability of police to recognise* the three at an early stage as key suspects, brought widespread criticism. An official report just released here shows evidence of misjudgment within the Federal Criminal Bureau.

Since Dr. Schleyer's death last October, 18 German terrorist suspects have been captured.

● **AP-DJ reports from Bonn:** The West German Cabinet has approved a draft law increasing penalties for environmental pollution and codifying existing regulations. The draft, called "Law to combat Environmental Crimes," is designed to ensure that the pollution of air or water and excessive noise will no longer be considered merely breaches of good manners but crimes, Herr Gerhart Baum, the Interior Minister, told a news conference.

Italy's trade deficit

The Italian Statistics Institute has revised upwards to L511bn Italy's trade surplus for June, Reuter reports from Rome. The provisional figure announced earlier was L506bn. As a result of the changes Italy's trade deficit for the first half of the year falls to L171.6bn.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $205.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

EEC COMMISSION MOVES ON DRINKS TAX

The whisky distillers stand to benefit

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

LESS THAN a year after its controversial decision to outlaw the Distillers Company's dual pricing scheme for Scotch and other spirits, the EEC Commission is once again taking aim at the alcoholic beverage market. After several years of *investigation, it has asked the* European Court of Justice to rule that national taxation systems in Britain, France, Italy, and Denmark discriminate against certain kinds of imported drink and to order that the systems be changed.

The Commission's case is expected to be strongly contested by the Governments and by some of the industries concerned, particularly in France and Italy. But it is also likely to receive stronger support from public opinion than the decision against Distillers Company, which backfired badly when the company responded by withdrawing some of its best-selling Scotch whisky brands from the British market and raising the price of others by as much as 50 pence per bottle.

Moreover, the Commission's latest action is likely to be applauded by the whisky distillers, since it could open up markets for their product in France and Italy, where Scotch has long been taxed at much higher rates than domestically-*produced spirits like cognac and* grappa. The existence of such fiscal discrimination was, indeed, one of the Distillers Company's main arguments in defence of its banned dual pricing system for EEC sales.

The Commission's case against the British Government takes issue with the wide disparity between the rates of customs and excise duty applied to beer and wine. The Commission maintains that as far as the consumer is concerned, these are similar products which actively compete against each other. Thus, it claims, the low duty on beer—most of which is brewed domestically — discriminates against sales of wine, almost all of which is imported.

UK duty on wine now totals £3.25 per gallon, five times higher than the 61 pence per gallon duty on beer. (Both figures exclude value added tax, which is not at issue in the case). Furthermore, the Commission points out that in spite of the abolition of customs duty on wine at the start of last year, *the total rate of duty on wine has* increased much more rapidly, almost trebling since July 1973 compared with a rise of less than one-and-a-half times for beer.

The duty on wine in the UK is now higher than in any other EEC *country (though duty on* beer is also above average). Further upward pressure on wine prices is exerted by the Treasury's requirement that the trade finance advance payments of duty. Not surprisingly, consumption is among the lowest in Europe at *six* litres per capita annually, compared with 35 litres in Germany and 150 litres in Italy. In view of the perennial British complaints about Continental farm surpluses, the Government could undoubtedly do more help to drain the wine "lake" by providing a greater incentive to consumption.

The UK seems unlikely to contest seriously the legal argument that wine and beer are similar products. Instead, it is expected to base its defence mainly on national custom. It will probably argue that the two drinks do not compete because beer is mostly sold over the counter in pubs while wine is purchased mainly for consumption at home. In addition, it will contend that the difference in duty rates is justified because beer is served in bigger quantities in Britain than wine.

If the Commission wins it case, it would almost certainly benefit wine drinkers because any Government would find it politically more popular to adjust rates by cutting the duty on wine than by raising the tax on beer. But the bonus for the consumer could be relatively small. The court has no power to fix a new rate of duty, so the Government could probably get away with only a partial elimination of the difference between the two rates.

In France, Italy and Denmark the Commission's case is directed squarely at the fiscal treatment of spirits. In all three countries, duties discriminate much more explicitly against import competition than in the UK, and a court-ordered change to the regimes would be likely to provoke considerably more controversy among national drink industries.

The French system gives a clear advantage to high quality *commercially-produced* eaux-de-vie like cognac, armagnac and calvados which are distilled from grapes and other fruit. These benefit from a special low rate of duty, for which only French products designated as "denomination d'origine" are eligible. The duty is roughly a third lower than the tax burden on grain-based spirits (few of which are produced in France) and non-French eaux-de-vie made from grapes and other fruit. Eaux-de-vie distilled by small farmers from their *own* production, which totals about 100,000 hectolitres annually, is exempt from all duties.

In Italy, domestic production of spirits benefits from a highly intricate tax system dating back to the 1930s, when the Government decided to encourage distillation of grapes and other domestically-produced fruit by taxing the product less highly than spirits distilled from grain, which had to be imported. But in contrast to France the system benefits lower quality spirits like grappa and Italian brandy and penalises "luxury" spirits like Scotch and gin.

In Denmark, the structure of duties is determined by the national preference for one drink, aquavit, which accounts for the bulk of domestic production of spirits and which is almost entirely produced by one company. The tax on aquavit, together with schnapps and white spirits (imported only in small quantities) is significantly lower than on other types of spirit.

Crawford sentenced in Moscow

BY DAVID SATTER

MOSCOW, Sept. 7.

MR. JAY CRAWFORD, representative of the Chicago-based company, International Harvester, was today convicted in Moscow of selling dollars on the city's black market and was given a suspended five-year labour camp sentence.

Mr. Lev Mironov, the trial judge, said there would be a three-year probation period during which Mr. Crawford would be automatically liable to serve his sentence if he repeated the offence.

For all practical purposes, however, the case which began with Mr. Crawford being dragged from his car on June 12 and arrested at a busy Moscow intersection, is over. Mr. Crawford is now to leave the country and he said he would apply for an exit visa today.

Mr. Crawford said, after the verdict was pronounced, that he was disappointed that he had not been acquitted.

His three Soviet co-defendants were also convicted of black market currency operations although none contested the charges. Mr. Vladimir Kiselyov, a checker in a factory, who testified that he sold Mr. Crawford Roubles 20,000 and six samovars for $8,500 was sentenced to five years in a labour camp.

He was charged with repeated and large-scale currency dealing and could have been given the death sentence.

Mr. Kiselyov's wife, Lyudmilla, who was accused of accumulating with her husband a cache of up to $100,000 and who also testified against Mr. Crawford, was given a five-year suspended labour camp sentence. *Miss Alla Solovyova, a* cashier at one of Moscow's hard currency stores, who admitted embezzling hard currency and selling it for roubles to Mr. Kiselyov received a four-year labour camp sentence.

U.S. officials have regarded Mr. Crawford's arrest and trial as retaliation for the arrest in May of two Soviet United Nations employees accused of espionage. There was nothing in the three-day trial to suggest that Mr. Crawford was guilty of anything more serious than an ill-advised acquaintance with two people, the Kiselyovs, who turned out to be black market operators.

Mr. Leonid Popov, Mr. Crawford's Soviet defence attorney, said after the trial that he had not been persuaded of his client's guilt and that under Soviet law, an accused man cannot be convicted solely on the testimony of people accused with him.

During the case, the attitude of the authorities towards the businessman steadily improved but this seemed to reflect greater U.S. flexibility over the fate of the two Soviet UN employees rather than growing doubt about Mr. Crawford's guilt. In the end, the case was conducted, as nearly as possible, like a normal Soviet criminal *trial*.

● **Reuter adds:** Mr. Viktor Rtskhiladze, a Georgian dissident was today given a suspended two and a half year labour camp sentence and two years in internal exile after fully admitting systematic anti-Soviet agitation and propaganda, Tass news agency reported. Mr. Rtskhiladze, a member of the unofficial Georgian Helsinki Monitoring Group, was accused in court in Tbilisi, the Georgian capital, of preparing and distributing literature against the Soviet Government.

Pontecorvo in Rome

Bruno Pontecorvo, the atomic scientist who defected to the Soviet Union from Britain 18 years ago, arrived in Rome yesterday on his first visit to the West since he fled, Reuter reports. Mr. Pontecorvo worked from 1948 to 1950 at the nuclear research establishment at Harwell. He will attend a scientific conference in Rome.

U.S.-USSR talks on SALT pact

By David Satter

MOSCOW, Sept. 7.

MR. PAUL WARNKE, director of the U.S. Arms Control and Disarmament Agency, to-day began talks with Mr. Andrei Gromyko, the Soviet Foreign Minister, apparently aimed at giving the Soviet leadership an advance look at the latest strategic arms limitation talks.

The Soviet and American delegations met for a two-and-a-half hour session this morning and then had a working lunch at Spasso House, the U.S. Ambassador's official residence. There was no afternoon session but a *spokesman said the two* sides will resume talks tomorrow morning. He declined to comment on today's talks.

Apart from Mr. Gromyko, the Soviet delegation included Mr. Georgy Kornienko, a Deputy Foreign Minister, Mr. Anatoly Dobrynin, the Soviet ambassador to the U.S., and Mr. Viktor Komplektov, the head of the Foreign Ministry's North American section.

The American side included Mr. Malcolm Toon, the U.S. Ambassador, and Gen. John Rowney, both of whom accompanied Mr. Warnke to Moscow yesterday. The high level of the delegations was taken as an indication that important proposals were being discussed.

SALT feature, Page 16

Swiss economic growth 'unlikely to exceed 2%'

BY JOHN WICKS

ZURICH, Sept. 7.

SWISS ECONOMIC growth is unlikely to exceed 2 per cent next year, according to a report prepared by Crédit Suisse. The bank points to increasing competition on domestic and foreign markets, a decline in new order volume and cuts in public expenditure as factors that will keep growth rates low.

In the light of those expectations, Crédit Suisse believes that interest levels will also stay low for the time being. Some months ago they had been expected to rise.

The deterioration in business prospects should not be overdramatised, however, the report notes. Swiss production costs are being lightened by the fall in prices for imported raw materials, while cheap and plentiful money availability permits "aggressive export financing."

As long as wage demands remain moderate, the bank says there will be important influences to offset the problem of the high Swiss franc exchange rate.

Switzerland's consumer price index held steady in August at *101.1 points, taken from a 1977* base, 1.1 per cent above the level a year earlier, the Federal Office of Industry, Trade and Labour in Berne said today. The monthly stability and year-on-year increase were thus identical with those in July.

The office also reported that Switzerland's wholesale price index fell 0.8 per cent in August to 141.9, base 1963: 3.5 per cent *below* the level of August 1977. That compares with a fall of 0.5 per cent in July, when the index was 3.6 per cent below the year-ago level.

Meanwhile the United Kingdom and Switzerland ratified an agreement to obviate double taxation in the income tax sector. The agreement will come into force on October 7.

● *West German and Swiss representatives* have reached partial agreement on protocols involving facets of West German corporate tax reform on double taxation, according to the Finance Ministry, AP-DJ reports from Bonn.

The Ministry said representatives had agreed on a protocol stating that the tax rate of West German companies' dividend payments to Swiss parent companies would be cut to 15 per cent from 25 per cent. The protocol needs West German legislative approval.

A draft of a new inheritance tax proposal on double taxation will soon be ready to be signed. Negotiations on other aspects of corporate tax reform and related questions will continue.

Portuguese Premier spells out policies

By Jimmy Burns

LISBON, Sept. [illegible]

PORTUGAL'S Prime Minister, Alfredo Nobre da Costa, [illegible] told the country's main politi[cal] parties that his presiden[tially] backed Government of "pol[iticians] independents and technocr[ats]" had no intention of subver[ting] Portugal's parliamentary sys[tem].

He stressed, however, that [if] his Government's programme [is] not rejected next week, he [and] his Cabinet would play [no] more than a stop gap role and [go] on to implement a series [of] major policies.

Introducing the programme [of] Portugal's third constitutio[nal] Government, in a 400-page do[cu]ment, Sr. da Costa said: "If [the] Government is not rejected [it] will not be simply transitional [and] limit itself to day-to-day busin[ess] . . . but if it is not given [the] necessary parliamentary supp[ort] . . . it is willing to accept [the] responsibility for creating [the] necessary conditions for its [substitution] . . ."

As expected, the new [pro]gramme steers clear of any [con]troversial new projects and ta[kes] as its main point of refere[nce] the economic commitments [of] the Socialist - Conservati[ve] Government alliance which [fell] in July.

It promises strict adherence [to] the stabilisation programme adopted after negotiations w[ith] the *International Monetary Fu[nd]*. It will continue to impleme[nt] tight control of money supp[ly], stiff budgetary discipline, and firm wages and prices poli[cy]. The Government aims to red[uce] inflation to about 20 per cent [by] the end of the year.

The programme recognises [the] need for a thorough restructur[ing] of industry and agricultu[re] particularly within the cont[ext] *of Portugal's future entry i[nto]* the EEC, but emphasises [the] need for dialogue and negotia[tion] on all future policy.

It nevertheless makes it cl[ear] that the Government intends [to] overcome some of the hesitan[cy] of the previous administration [in] implementing contentious poli[cy]. It recognises, for example, th[e] efficient and swift compensati[on] for companies nationalised [or] forcibly taken over is essent[ial] to generate business confiden[ce] and future investment.

The programme promises [to] introduce a decree law regul[at]ing the law of indemnities th[at] would have some compan[ies] compensated within 90 days.

Copies of the programme w[ere] *distributed in Parliament af[ter]* a restrained hour-long speech [by] Sr. da Costa which was greet[ed] at its conclusion by an omino[us] silence from all delega[tes] present.

Our best balance sheet for the last 1826 days.

Since March 30, 1973 we have been active on the Euromarket. Our range of services includes: short and medium-term Euroloans, syndicate loan transactions, money market operations, securities trading.

We can again report a satisfactory trend in our fifth business year:

The most important figures of our balance sheet:

		1977/78	1976/77
Balance sheet total	DM	4.237 m	3.225 m
Due from other banks	DM	1.960 m	1.629 m
Due from customers	DM	1.245 m	1.029 m
Own resources	DM	169 m	161 m
Profit shown in the balance sheet	DM	12 m	10 m

After allocating the profit to the reserves the bank's own resources now total DM 181 million.

All amounts in DM equivalents (millions) as at the end of the business year (March 31).

We are a wholly-owned subsidiary of the Bank für Gemeinwirtschaft AG, Frankfurt (Main), one of the large West German commercial banks with a consolidated balance sheet total of DM 47.761 million and own resources of DM 1.306 million.

Good reasons for doing business with us.

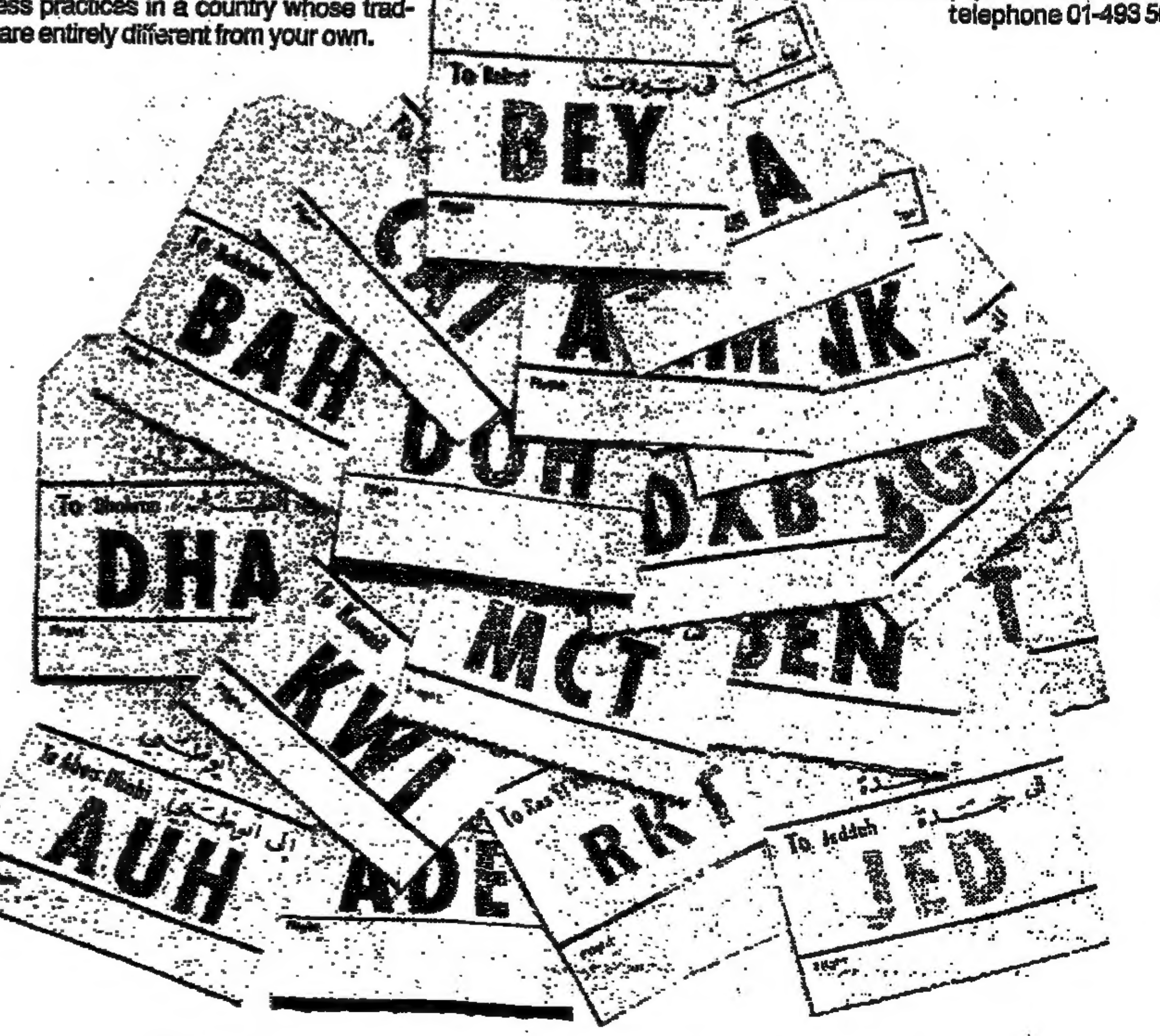
BfG Luxemburg, 14, rue des Bains, Boîte postale 1123, Luxembourg.
Telephone: 40011 (General), 29333 (Money Market Operations), 22888 (Securities Trading).
Telex: 1415 bfg lu (General), 1213 bfg lu (Money Market Operations), 1214 bfg lu (Securities Trading).

BfG Luxemburg

MEA SERVES EIGHTEEN MAJOR BUSINESS CENTRES IN THE MIDDLE EAST

MEA is tailor made for the traveller with business interests in the Middle East. We start with a daily service London/Beirut, linking with regular flights to the Gulf, Saudi Arabia and other key points. And because we know the Middle East so well we can help in many ways. Like finding an hotel room, or providing information on business practices in a country whose traditions are entirely different from your own.

Our multi-national staff are dedicated to giving the finest service – both in the air and on the ground. After all, an airline with 32 years' experience behind it should know how to look after its passengers. For more information on MEA services ask your IATA agent or contact MEA, 80 Piccadilly, London W1V 0DR, telephone 01-493 5681.



Abu Dhabi Aden Amman Ankara Baghdad Bahrain Benghazi Beirut Cairo Dhahran Doha Dubai Jeddah Khartoum Kuwait Larnaca Muscat Ras al-Khaymah

MEA
THE MIDDLE EAST AIRLINE

MEA 178

EUROPEAN NEWS

Andreotti talks with Jenkins

By Paul Betts

ROME, Sept. 7.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, is understood to have renewed his country's willingness to enter a European monetary system provided there were Community guarantees in support of the economies of weaker member countries.

Sig. Andreotti made his pledge during talks to-day with Mr. Roy Jenkins, the President of the EEC Commission. Mr. Jenkins's visit is part of a tour of EEC capitals to promote the new European monetary union and test the various countries' moods.

While having no reservations on political grounds, the Italian Government has emphasised that the new monetary system should also entail a broader reform of community agricultural and regional policies.

On the domestic front, Italian economics ministers pursued here to-day their preliminary talks with representatives of the main parties now supporting Sig Andreotti's minority Christian Democratic administration over the Government's medium-term economic recovery programme.

The Government has until the end of the month to win all party and trade union support for its provisional 1979 budget which forms the initial part of its wider three year 1979-81 economic plan.

Belgian refinery men to strike

BRUSSELS, Sept. 7

TRADE UNIONS in the Belgian oil industry decided today to begin a national strike in refineries from p.m. tomorrow in protest against the closure of a U.S.-owned refinery in Antwerp.

A one-day warning strike yesterday left refineries idle. All refineries employ 5,000 workers, the highest paid in Belgium. Overcapacity is affecting most European refineries.

Occidental Petroleum, of Los Angeles, which owns the closed refinery, says it has been working at 35 per cent capacity since the 1973 oil crisis and has accumulated losses of BFr 1bn.

The unions want other refineries to employ the 450 workers from the closed plant. They say the legal three-month lay-off notice has not been respected.

P-DJ

Growth shortfall forces revision of French plan

BY DAVID WHITE

PARIS, Sept. 7.

"I CONSIDER there is progress in the fact that there are no projections." This was the considered judgment today of M. Michel Albert, head of the French Government's planning office, as he presented revisions to the current five year plan.

France's seventh plan, running from 1976 to the end of 1980, originally set an annual growth target of 5.5 to 6 per cent. This year's growth is thought likely to be about 3.2 per cent, mid-way between last year's 2.9 per cent and the 3.5 to 4 per cent generally anticipated for 1979.

Halfway through the course of the plan the whole idea of having targets for growth and employment is being scrapped. International growth since 1975, M. Albert said, had fallen below expectations, while the Government had taken an excessively rosy view of France's internal potential.

"There has been a sort of collective error," he told a Press conference, adding: "we are not the only ones to have made a mistake."

The timetable for some pet projects has been revised under the adapted plan, approved by the French Cabinet yesterday. These include the Rhine-Rhone link for a waterway route between the North Sea and the Mediterranean, on which work has fallen well behind schedule.

A half-term revision of the plan was provided for in the original text, approved by Parliament in July 1976. The report, which now goes to the Economic and Social Council, a mixed body of Government, employer and union interests, before being sent to the National Assembly at the end of the year, focuses its attention on three main areas—the balance of France's foreign trade, the modernisation of its industry and the unemployment problem.

Its general assessment of France's recent performance contains a dire warning about the level of social spending, which it says is advancing in volume by 6 to 7 per cent a year, well in excess of economic growth. M. Albert said that for the first time in the 20 years of the Fifth Republic, the Government had to face the risk of a crisis in public finances.

Proposals are due to be drawn up in the course of next year on a redistribution fo public expenditure.

France's trade balance, recently in surplus, was one area where things had gone better than expected. But the Commissariat General Du Plan warned that France was leaving itself vulnerable in the geographical distribution of its trade, remaining generally in deficit with the other advanced industrial countries.

Attacking anachronisms in industry and management, the report emphasised the relatively large gap between the highest and lowest, and workers' lack of participatin in decision-making.

On managers' salaries, these would be subject to fixed ceilings in cases of companies receiving direct government aid.

Six project areas were singled out for intensive industrial effort over the next 10 years. These were energy conservation, integrated electronic circuits, telecommunications, collective transport, space and marine resources.

In the area of economic information, the report recommended dropping the Government's virtual monopoly

Energy Review—Page 5

EEC team offers plans for currency

By Guy de Jonquieres, Common Market Correspondent

BRUSSELS, Sept. 7.

EEC MONETARY experts have reached broad agreement on a report setting out a range of alternative mechanisms which could be used to operate the planned European currency stabilisation system.

The report, by senior officials on the EEC Monetary Committee, is intended to provide the technical basis for further discussions by EEC Finance Ministers, who are supposed to decide on the precise shape of the system later this year.

The Ministers next meet in Brussels on September 18. But that meeting is not expected to be conclusive and they will probably call for further examination of technical aspects of the scheme before taking any final decisions.

The report is understood to clarify in detail the varying attitudes adopted by EEC Governments towards such key questions as the kind of exchange-rate mechanism to be used in the system, the constitution of the planned European Monetary Fund, and the way in which foreign exchange market intervention would be conducted.

The discussions in the monetary committee do not appear, however, to have brought about any significant narrowing of the differences known to exist between EEC Governments and central banks, and the report does not recommend any one technical option over any others.

It is understood that Germany and several other EEC members of the currency snake continue to prefer a "parity grid" system for setting exchange rates in the new scheme. This would mean that national currency values would be defined directly in terms of other participating currencies.

Britain, France and Italy, would prefer to link exchange rates to a basket of European currencies, since this would allow more room for exchange rate fluctuation and would impose a lighter obligation on countries with weak currencies to intervene.

A number of officials on the committee believe that the legal constitution of the planned European Monetary Fund may prove even harder to settle. It remains uncertain whether national reserves will be transferred to the fund or merely pledged to it, and a clear distinction has yet to be drawn between conditional and unconditional drawings and the exact terms on which they would be granted.

Budget moves on unemployment come under fire from Gaullists

BY DAVID CURRY

PARIS, Sept. 7.

THE TAX RAISING French Budget for 1979, approved by the Cabinet yesterday, has been met with resignation by the Government's supporters and hostility by the opposition.

Even employers found little specifically to cheer about in the package although M. Francois Ceyrac, the Patronat chief, commented in an interview in today's Le Monde that he expected unemployment would pass its peak this year.

The employers and the unions have had, meanwhile, another round in the discussions to reform the system of unemployment benefit. The Patronat has proposed an increase in the minimum benefit of 35 per cent of salary for insured workers; a reduction in the 90 per cent of former salary paid to people made redundant for economic reasons in the first year of unemployment; and a bigger basic payment from the State to the jobless.

It is also proposing to extend the agreement with the unions whereby workers can accept early retirement, normally on 70 per cent of previous pay, in industries where it is necessary to reduce manpower.

The changes proposed by the employers will not make much difference to the financial burden of social security contributions—in France industry pays 80 per cent of contributions and the wage earners 20 per cent. But the discussions are part of a package to introduce more flexible rules on working and encourage a more decentralised wage bargaining system by sector.

The first reaction to the Budget, which increased taxes on tobacco, petrol products, drink and motor insurance, as well as reducing tax allowances for professional workers, came predictably from the Gaullists.

They claimed that the Budget gave no evidence of the Government's determination to tackle basic economic problems, notably unemployment. The Government has made much of its plan to establish a FFr. 3bn fund to help create jobs in regions hit by unemployment in areas like steel, shipbuilding and textiles.

The Socialists on the Finance Commission of the National Assembly dismissed the Budget as "more sacrifices for wage earners: more profits for big business," while the Communists, with more relish, described it as "another attack on the standard of living of workers and their families. A Budget of austerity, unemployment and inflation." They complained that there was still no tax on wealth or company capital.

The unions have been no more charitable. The white collar CGC complained at the lack of imagination in hitting motorists and white collar workers yet again; the Socialist CFDT thought that the measures to encourage employment were insufficient and even the moderate Force Ouvriere showed itself suspicious of the proposal to tax overtime.

AMERICAN NEWS

U.S.-BAHAMIAN RELATIONS

The war of the lobster

BY NICKI KELLY IN NASSAU

FOR NEARLY 15 years Bahamian and Cuban-American fishermen have waged a cold war over the lucrative lobster resources of the Bahamas' continental shelf. Limited previously to warnings, seizures and fines, the war has now escalated into a bloody confrontation with the shooting of a 14-year-old boy.

The boy, Vladimir Perez, was aboard one of nine Miami-based fishing vessels apprehended by Bahamian patrol boats last month. In the ensuing skirmish one of the gunboats opened fire, seriously wounding the boy.

The incident has embarrassed both the Bahamas and U.S. governments, which are presently trying to reach agreement on their overlapping 200-mile fisheries zones and new lease arrangements for continued U.S. use of military facilities on the islands.

South Florida fishermen, their waters depleted by over-fishing, want the federal government to pressure the Bahamas into granting them fishing rights in Bahamian waters.

Although sympathetic to the fishermen's cause, the U.S. has been reluctant to exceed the bounds of diplomacy. According to Mr. T. A. Clingman, former U.S. deputy assistant secretary of state for ocean and fisheries affairs, and chief of U.S. delegations to the Bahamas on fishing rights: "The Bahamas are not doing anything we are not doing ourselves. We can't put pressure on a poor neighbour country, we have to negotiate our way in."

It is unlikely however that the Bahamas will relinquish any part of its rights to one of the islands' few natural resources.

In the past six months, the Government has taken delivery of five British-built patrol boats. These, with four police vessels, will form the core of the newly-created Bahamas Defence Force, established specifically to prevent such territorial violations.

To make matters worse, the Perez affair comes soon after the Bahamas Government efforts to expel thousands of Haitian immigrants living in the country illegally. Most have fled to Florida, stretching that state's social services to the breaking point and aggravating an already difficult unemployment situation. Many Floridians, who see the problem worsening as more fishermen are deprived of their livelihood, hold the Bahamas responsible.

The Cuban exiles began encroaching on Bahamian waters in the 1960s after fleeing their homeland to settle in South Florida. There were few incidents in the early days, but with the coming to power of Prime Minister Lynden Pindling's Progressive Liberal Party, fishing was made an integral part of the Government's plans for economic diversification.

In 1969 the Bahamas claimed a 12-mile fisheries zone as a first step to protecting the country's rich lobster grounds from poachers. The number of incidents began escalating after that. They included demonstrations in Miami, a longshoremen's boycott against Bahamian-bound cruise ships and the bombing of a Bahamian lobster boat on the Miama river.

Relations were strained further in 1975 when the Bahamas, following the U.S. example on the Maine lobster, designated three highly-prized lobster varieties as "creatures of the Bahamian continental shelf."

A subsequent request by the U.S. for fishing rights was rejected because it failed to offer reciprocal benefits equal to those that the Cuban-Americans would have derived from fishing the Bahama Banks. Reciprocity was impossible, according to the Minister of External Affairs, Mr. Paul Adderley, because of the U.S.'s admission that Florida fishemen had already over-fished their own waters.

The Government has stated that as a matter of policy, fishing in the Bahamas is to be reserved exclusively for Bahamians. Its protective measures have already produced results. From a haul of between 1m and 2m lb annually during the late 1960s, the Bahamian crawfish catch rose to 6m lb last year. With conservation the potential yield is estimated to be 10m lb.

Even so some 3.8m lb is still being taken from Bahamian waters by foreigners.

Poachers face a maximum fine of $10,000, a year's imprisonment and confiscation of their vessels. While the recent arrests may slow down the intruders, it is unlikely to deter them. The Cubans say they have no other way to earn a living.

Only days after the nine boats and their 25 crew were taken into custody, two Bahamian fishing boats were fired on by Cuban-Americans in the northern Bahamas. Given the bitterness on both sides, the wounding of Vladimir Perez may be only the prelude to more bloodshed.

The hazards of Brazilian traffic

BY DIANA SMITH IN RIO DE JANEIRO

THE BRAZILIAN Government has launched a deliberately shocking road accident prevention campaign, flooding television networks and cinemas with short films of bloodstained accident victims being rushed to hospital.

The reasons are dramatic: Brazil has the highest rate of traffic accident deaths in the world—25.9 people are killed annually for every 10,000 vehicles. This compares with 7.6 per 10,000 vehicles in West Germany, 4.2 in Britain and 3.3 in the U.S.

Government statistics indicate that 70 per cent of road accidents are caused by careless driving, rather than weather conditions or mechanical failure.

Until now, the Government has tried rather less shocking means of persuasion to make Brazilian drivers respect the rules of the road. Its television accident prevention films have relied more on suggestion—screeches of brakes and screams on the sound track—than visual shock. But it has readily admitted the gentler methods have not worked.

The figures in Rio de Janeiro and Sao Paulo, Brazil's most heavily-populated centres, are grim. In Sao Paulo, there is an accident approximately every three minutes and material damage alone totals some $55m a year from traffic accidents in the city.

Rio's figures are even worse: 36 people die annually for every 10,000 vehicles. There were 2,214 road deaths in 1977 compared with 1,036 murders.

These figures partly reflect the rapid growth in car ownership. While Brazil's population grew 20 per cent between 1963 and 1972, its car "population" grew by no less than 153 per cent. Meanwhile, the number of road accidents increased by 381 per cent.

The problem is further aggravated by a thriving black market in driving licences, meaning that individuals without even minimum qualifications for handling a vehicle can take a car on the road.

Britain will have the same old problems, so long as it has the same old factories.

It is generally agreed that many of Britain's financial problems stem from the same cause.

Low productivity.

And low productivity is often the direct result of not understanding the great effect modern buildings can have upon output.

Consequently, too many of our factories are out of date.

Unfortunately, the problem is getting worse, not better. Our rate of new building is falling behind our growing obsolescence.

In the last 20 years, we have firmly entrenched ourselves at the bottom of the EEC table with our level of investment in new construction relative to our economic resources.

Yet, at the same time, Building Materials has continually developed as one of Britain's most efficient industries, proving how well private enterprise can work for Britain.

We brought in £1,000 million from exports last year.

Our labour relations are so good that you probably haven't heard of them.

We have shown how to save energy worth a million tons of coal, annually.

And we have kept costs under control.

With the extra capacity our steady investment has produced, we could provide the materials to replace many of our outdated factories very quickly indeed.

Therefore, the sooner we are asked to increase our productivity, the sooner other industries will be able to increase theirs.

The Building Materials Industry

To get the country right, we must first get our priorities right.

AMERICAN NEWS

House fails to kill veto of defence spending Bill

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 7.

PRESIDENT CARTER chalked up a political victory of some consequence today when the House of Representatives failed to over-ride his veto of the defence Bill.

The President had vetoed the Bill last month because ot contained $2bn in funding for a fifth, nuclear-powered aircraft carrier which, Mr. Carter said was not needed.

Majorities of two-thirds in each of the House and the Senate are required to nullify a presidential veto. In the evtnt, Mr. Carter's oponents went down to a much bigger defeat today than expected, the final vote being 206 to 191 against over-riding the veto. Senate action is now. of coursefi not called for.

Mr. Carter had recourse to the veto sparingly in the first year of his presidency. But the tactical decision of his closest political advisers to confront Congress, so as to revive the public image of an effective chief executive. seems to be paying some *dividends*.

His decision to reject the Bill to authorise the purchase of weapons was based on two conclusions. The first was that an additional nuclear powered aircraft carrier would not materially improve U.S. defence capability. the second that it smacked too much of a spending spree which would undercut his pledge to trim the federal budget deficit.

Yesterday, the House Armed Services Committee, which tends to reflect the views of the military - industrial complex, voted by 24 to six to over-ride the President's objections. But that action. which served no practical purpose, was generally perceived as merely symbolic and had minimal impact on the *House as a whole.*

However, there may yet be considerable legislative problems in store for the defence Bill. *Mr. Carter's opponents in* the House have already warned that, if the veto were sustained (as it was today), then they would force a big revision of the whole Bill.

If they succeed, and if a new Bill is not reported out of Congress and *signed by the President* by October 1, the start of the next fiscal year, then the Defence Department would have to operate under a continuing resolution, under which it would be funded at 1978 levels rather than those proposed for fiscal year 1979.

But the margin of defeat today may make it less easy for such procrastination to work, in spite of the fact that a clear majority of the Armed Services Committee, to which the Bill *now reverts, would prefer* this option.

New August car sales record

BY STEWART FLEMING

NEW YORK, Sept. 7.

SALES OF imported and domestic cars in the U.S. reached record levels for August, confirming the continued buoyancy of consumer spending on new *vehicles.*

The revival of imported car sales after several months of decline resulting from price increases related to the weakness of the dollar might, however, be an aberration. During August, the U.S. motor industry begins *gearing up for the new model* year. Closures at some plants lead to shortages of domestic makes in dealers' showrooms. *Those may be filled by imports.*

The August figures show that total U.S. car sales last month rose 2.9 per cent from a year ago to 957,000 units. Sales of U.S.-built cars rose 3.4 per cent to 751,000 units and sales of imports reached 206,000 units, capturing 21.5 per cent of the market, still slightly less than the 21.9 per cent a year ago.

Although total sales are running below the level of more than 1m achieved in the second quarter of this year, August sales are up from July.

That suggests that forecasts of sales for the year of 11.2-*11.3m units for foreign and* domestic makes still looks likely, which would make 1978 a better year in volume terms if not in profits than 1977, the second best year in the industry's history.

Much depends, however, on how consumers respond to new models, which will be in dealers' showrooms this month, and on consumer spending trends. Most analysts of the industry expect sales to slow sharply later in the year. They argue that *the heavy burden of* consumer debt will discourage purchases, some of which are being made now to avoid the increased price expected to be asked for the new models.

Another indication of the price increases the consumer will face came yesterday from Ford, the industry's second largest manufacturer, that it was raising prices on its 1979-model cars by 4.4 per cent to 6.6 per cent, the latter increase equivalent to $360 a vehicle. General Motors, the industry leader, has indicated that prices for new models will be up by an average of about 4.1 per cent.

General Motors has started selling some of its 1979 models and its strong sales in August, a rise of 9.8 per cent, have been in part attributed to that. Ford sales for the month were down 2.2 per cent and Chrysler down 12 per cent.

Canadian $ at low level

BY VICTOR MACKIE

THE CANADIAN dollar reached its lowest level for 45 years on Wednesday, after predictions of further decline in the light of the announcement that the Government had intervened extensively *in the markets.*

The dollar at the close of the inter-bank wholesale market was trading at 86.54 U.S. cents, its lowest point since the Depression. Its previous post-Depression low was 86.63 on April 13.

The Finance Department had disclosed that the Government had used $U.S.700m from Canada's forward reserves fund and U.S. standb yeredit lines in August to buy Canadian dollars as a buffer against speculators and to tr yto maintain an orderly market.

The Central Bank of Canada, under Government direction, borrowed $300m from U.S. banks and spent that and another $407m of its existing U.S. dollar reserves to buy Canadian dollars on world exchange markets.

Selling pressures dominated the market this week and were apparent from the opening yesterday. The first transaction in the North American market was at 86.69, reflecting early selling in the European markets. The currency fell steadily throughout yesterday.

Traders said there was more activity than in recent sessions. as more participants appeared to decide that the dollar was going to sink lower. Market participants described themselves as baffled as to why the dollar should suddenly drop after months of fairly steady trading above 87 U.S. cents. They blamed expectations of further losses. Some feared that the dollar would reach 85 cents before settling.

Business will spend 5.3% more

WASHINGTON, Sept. 7.

U S. BUSINESS plans to increase plant and equipment spending by 5.3 per cent this year compared with last year, after adjustment for inflation according to the Commerce Department.

The expected 1978 increase is down from the 5.9 per cent inflation-adjusted increase re*ported in June for this year and* compares with a 6.5 per cent increase in 1977 over 1976.

The lower real increase in spite of the higher spending plans was the result of a revision in the inflation factor to mirror the 7 per cent inflation rate for fixed investment in the first half of this year. In June, the Department used a 5.3 per cent deflator to calculate the real increase.

The latest projections were the result of a survey of business *plans taken in July and August.* The results updated the previous survey taken in April and May.

According to the latest survey businesses plan $152.5bn in spending this year before adjustment for inflation. This is up 1 per cent from the $151.1bn forecast made last June. The latest figure is up 12.3 per cent from $135.8bn in 1977 before adjustment for inflation. Last year, spending was up 12.7 per cent from the $120.5bn spent in 1976.

The Department also reported that actual spending in this year's second quarter rose 4.5 per cent to an annual rate of $150.8bn. This rise followed a 4.4 per cent increase in the first quarter. Spending was higher than planned in the durable goods and communication and commercial sectors.

Current business plans call for a 2.9 per cent rise in the third-quarter to a $155.1bn rate and a 2.5 per cent increase in the fourth quarter to a $159bn annual rate.

According to the latest survey, manufacturing industries plan an unadjusted 13 per cent increase in capital spending this year over 1977, compared with a 14.6 per cent rise last year.

Non-manufacturing industries plan an 11.7 per cent increase in spending this year compared with an 11.2 per cent rise in 1977 over the previous year. Every *major industrial sector* except one, plan increases in 1978, led by an expected 48.8 per cent rise in the air transportation sector.

Spending in the other transport sectors is expected to decline 7.6 per cent.

Agencies.

IMF defers salary rise

BY OUR OWN CORRESPONDENT WASHINGTON, Sept. 7.

THE BOARD of directors of the International Monetary Fund yesterday decided, at the insistence of the U.S., to defer con*sideration of an additional salary* increase to IMF staff members until late next month.

The 1,300 professional members of the IMF staff are due to meet today or tomorrow to consider a response. It is likely that strike action. designed to interrupt the annual meeting of the IMF which begins here on September 25, will be discussed, although there seems to be a much less militant feeling among the staff than there was earlier this year.

This is largely *because the* new managing director, Mr. Jacques de Larosiere, has vigorously argued that the staff be awarded a 7 per cent salary increase. While this amount would do rather less than compensate for U.S. inflation, there *is little doubt* that the staff would accept this.

M. de Larosiere's strong argument yesterday for a full settlement may help influence the staff in so far as it makes them reluctant to embarrass their head as he prepares for his first annual meeting.

The U.S. still believes that IMF and World Bank salaries are too high.

Nonetheless, the U.S. went along with a British-engineered compromise last spring which provided the staff with an interim 3½ per cent increase.

It is felt that U.S. objections to a salary increase now centre more on its timing than its size.

The *U.S. Administration* fears it could needlessly anger Congress at a time when legislation affecting international organisation—including the foreign aid Bill and approval of the Witteveen financing facility—are awaiting final action on Capitol Hill.

COMPANY ANNOUNCEMENT

AAC

WESTERN DEEP LEVELS LIMITED

Incorporated in the Republic of South Africa

Uranium Plant Extension

After a detailed feasibility study. it has been decided by the company's directors that an extension to the existing uranium plant will be built. capable of treating an additional 200,000 tons of material a month to produce approximately 175,000 kilograms of uranium a year. The extension will treat the remaining current arisings from the carbon leader ore-body and in addition 50,000 tons a month of uranium-bearing reclaimed slimes. The escalated capital cost of the extension is estimated at about R50 million which will be spread mainly over the remainder of this year, 1979 and 1980. It is expected that production will commence during the second half of 1981. *Financial exercises have shown that* on the basis of a prudent forecast of uranium prices the return on the capital to be invested by the company is satisfactory.

Copies of this announcement are being posted to all members at their registered addresses.

London Office:
40 Holborn Viaduct
EC1P 1AJ.

Registered Office:
44 Main Street,
Johannesburg 2001.

Johannesburg
8th September 1978.

Nicaraguan bankers under loan pressure

By Joseph Mann

MANAGUA, Sept. 7.

PRIVATE BANKERS in Nicaragua are voicing serious concern over a new government ruling which, they say, is an effort to force the banking system here to break a general strike against the Somoza *administration by putting* unfair pressure on striking companies with outstanding commercial loans.

The measure requires commercial banks to make a drastic increase in reserves as a hedge gainst "bad loans," *creating a 25 per cent reserve* for loans to clients who are adhering to a national strike which began a fortnight ago. The strike was organised by political opposition and Labour groups in an attempt to force the resignation of President *Anastasio Somoza. It has been* joined by a large number of businessmen.

Bankers see the new reserve requirement, now being enforced by the Government, as weakening the national financial system when the economy is already in dire straits and more dependent than ever on foreign financing.

One angry banker *told the* Financial Times "thet banking system should not be used as a police agency."

The Government is sending lists of creditors which, it says, are on strike to each commercial bank and ordering them to take action. In at least one case, a large foreign company appeared on a "bad loan" list because *one of its branches* in the provinces had been shut down by disturbances there.

Banks must take money for the 25 per cent reserve from their capital, legal reserves and accumulated, undivided profits. What this means, a banker said, is that the net *worth of local banks will* ostensibly fall if many of their clients are on strike. In addition, the increase in the number of "bad loans" will show up as an apparent weakening of the banks' loan portfolios, and will therefore adversely affect their status with foreign correspondent banks.

Nicaragua has experienced, since January, the most serious capital flight here since the 1950s, a central Bank official said. Up to the end of July, the exodus was estimated by official sources to be the equivalent of $25-$35m.

"This has not been a run on the banks," one executive said, "but a run on the Cordoba (the Nicaraguan currency). People are buying drafts and travellers cheques in dollars. It's mostly mattress money." The cordoba has been pegged to the dollar at the rate of seven to one since the early 1950s. It is freely convertible.

Bankers told me that the reserve regulation could not have come at a worst time, because the Nicaraguan banking system has lacked liquidity since last October. Deposits have fallen sharply and withdrawals have continued strongly.

"The government is looking to the cotton and coffee harvests as if they were the second coming of the Messiah," a local banker said. "But they won't solve our problems. This reserve order is a time-bomb. The economy already relies heavily on foreign banks to finance a lot of government and private debt.

Sr. Manuel José Torres, of the businessmen's association, the Nicaraguan Development Institute, said, "as a result of the Somoza family's government, Nicaragua, with a per capita income of almost $1,000, suffers problems typical of more backward countries, such as an unjust income distribution, an extremely high rate of infant mortality, and a literacy rate higher than 50 per cent. Poverty, hunger and malnutrition are visible in the city and in countryside. A regressive fiscal system places the burden of taxation on the consumer and the poor, and an inefficient public administration lacks any kind of planning.

"During the past few years, corruption and disorder in the Government have reached heights never before thought possible. The living conditions of the majority of the popula*tion are socially and politically* explosive."

About 90 per cent of commerce in Nicaragua, and 75 per cent of industry, has been shut down by the strike, according to the... most reliable estimates. The beleagured Somoza regime has resisted by applying various pressures to businessmen and strike leaders. This week, authorities arrested a number of politicians, workers, students and business leaders in an effort to break the strike. It *later released more than 70 of* them.

The only major sectors which have not given full support to the strike are banking, petrol retailing, public administration and transport. The first three run the risk of *inviting serious Government* reprisals if they join the anti-Somoza strike, while the latter sector is mainly in the hands of associates of the President.

● The Commission on Human Rights here today charged that the government had rounded up more than 400 political prisoners since the strike was declared.

Sr. José Esteben Gonzalez, national co-ordinator of the commission, said that the National Guard was holding incommunicado 21 youths captured last week during the rebellion in the northern city of Matagalpa. "Neither the families of these prisoners nor the civil authorities have been able to see them."

Inflation rate reaches 40% in Brazil

By Diana Smith

RIO DE JANEIRO, Sept. 7.

THE ANNUAL inflation rate in Brazil, from August, 1977 to August. 1978, was 40.2 per cent. *Taking the rate of inflation from* January. 1978. to the end of August, the figure is 28 per cent.

The August-to-August figure exceeds that of the previous year by 1.4 per cent. The government's efforts to hold the annual rate at a maximum of 35 per cent have failed, as even the Treasury Minister admits.

The principal element in the rise of the cost of living has been the cost of food. Reduced planting of staples like maize, and disease and frosts have severely affected crops, and forced the government to import produce which could normally be grown in Brazil.

The rise in the cost of living for last month was 2.7 per cent, the lowest rise in recent months.

OVERSEAS NEWS

Thousands protest against Shah

BY OUR OWN CORRESPONDENT

TEHRAN, Sept. 7.

TENS OF thousands of Tehran residents defied a Government ban on unauthorised demonstrations and marched in protest through the streets of the capital today as a general strike closed most shops and offices.

The protestors carried banners and shouted slogans denouncing Iran's monarchy and calling for the return of an exiled religious leader. Although the marches, which were mostly peaceful, basically reflected Moslem religious opposition to the Shah of Iran, some more radical political sentiments were openly represented for the first time, with banners reading, "Americans out of Iran," and "Iran, Palestine, Eritrea, Philippines."

Iranian troops in full battle order, carrying gas masks and automatic rifles with bayonets fixed, concentrated at key points, but only minor confrontations were reported.

Troops fired tear gas at a group of marchers in north Tehran, and *some demonstrators* said one person had been killed and five wounded by gunfire.

The march came a day after two terrorist attacks that security sources said marked the resurgence of Iranian urban guerrillas and a renewed threat to *Westerners involved in defence* contracts here.

In an attack before dawn yesterday in central Tehran, guerrillas killed a police sentry guarding the headquarters of a special squad of riot police and exchanged automatic weapons fire *with other security forces* there. The guerrillas left behind a van filled with barrels of petrol which they had apparently intended to ignite inside the police compound.

According to Western security officials, leaflets claimed responsibility *for the attack in the name* of the People's Sacrifice Guerrillas, an extreme Left-wing group. It was the first incident of its kind for more than two years.

Yesterday afternoon, an explosive device, *a grenade or a pipe* bomb, was thrown at two buses carrying 18 British technicians home from work at Doshen Tappeh air force station on the Tehran. south-eastern outskirts of Shrapnel punctured the sides of *both buses*, but no one was hurt.

The Britons are all employees of British Aerospace, which has a defence contract involving work on the Rapier missile at Doshen Tappeh.

Although the British Embassy here said there was no indication *that the British technicians had* been singled out as targets, other Western sources said the attack was clearly aimed at them, and that it recalled a terrorist attack in August 1976, in which three American technicians working for Rockwell *International* at the same airforce station were killed.

Like the Britons, the Americans had travelled the same route to and from the station each day and presented an easy target for a planned terrorist attack designed to draw attention to Western military support for the Shah's regime.

Residents said today marches, which congregated in the centre of the city from different parts of the capital constituted the biggest anti-*Government demonstrations* in 25 years. They were somewhat rowdier than similar marches on Monday, organised by the opposition Moslem clergy, in which protestors showered police and troops with flowers and shouted for them to join the procession.

The *main theme* of all the demonstrations was a call for the return of Ayatollah Ruhollah Khomeini, Iran's top religious leader, who was exiled by the Shah 15 years ago and lives in Iraq.

The marchers included thousands of women. Some of the banners carried by the women proclaimed, "we are not against women's freedom, but we are against corruption."

India plans flood control moves

BY OUR OWN CORRESPONDENT

NEW DELHI, Sept. 7.

A PLAN to tame the Ganges at *a cost of Rs 10.4bn (£700m)* has been prepared by the Ganges flood control commission, together with similar flood control plans for the river's sub-basins.

Mr. Surjit Singh Barnala, the Agriculture and Irrigation *Minister, said the plans* were being considered by the Government, which wanted a comprehensive approach to flood control measures.

He said that the Government would have talks with Nepal on jointly controlling floods in rivers that flow into India.

Although the Jamuna River floods have abated, industrial activity in and around New Delhi has come to a standstill. Most industrial areas are still under floodwaters or cut off by flooding of roads.

The Federation of Indian Chambers of Commerce and Industry today appealed to the Government to consider help for industry disrupted by flooding.

The Indian army, navy and *air force have* been called in to help civil authorities in the rescue and relief measures in flood-hit states.

Reuter reports from New Delhi: While floodwaters began to recede in the capital, floods poured *into* the *densely-populated* part of Allahabad, 300 miles to the south-east, where the Ganges and Jamuna rivers join.

In Agra, low-lying areas were evacuated and travel agents were told to cancel tourist trips to the Taj Mahal. The white marble domed monument stands on the bank of the Jamuna River, but is out of reach of the floods.

A flood wave was reported to be rushing down the Ganges and was expected to hit Patna, capital of Bihar State, tonight.

In West Bengal, where hundreds were feared dead in flash floods last weekend south-west of Calcutta, the Ganges threatened fresh flooding in three districts.

The *floods have* affected 32.5m people—about 5 per cent of India's population — and destroyed or damaged 600,000 houses.

Syria may seek pact with Russia on defence

By Ihsan Hijazi

BEIRUT, Sept. 7.

The possibility of a defence pact between Syria and the Soviet Union has been raised by Mr. Abdel Halim Khaddam, the Syrian Foreign Minister.

Mr. Khaddam, who visited Tripoli and Algiers yesterday and delivered messages from President Hafez Assad to the Libyan and Algerian heads of State, declared that if the Camp David summit resulted in a mutual security pact between the United States and Israel, 'the Arabs must then declare a mobilisation and conclude a defence pact with the Soviet Union."

Mr. Khaddam was believed to have informed Libyan and Algerian leaders about the outcome of the talks he held last *week in Moscow with Soviet* Foreign Minister Andrei Gromyko. Mr. Khaddam also met Soviet Prime Minister Alexei Kosygin.

Syria was said to be preparing for a summit conference in *Damascus of the anti-Sadat* "confrontation front," which includes Algeria, Libya, South Yemen and the Palestine Liberation Organisation.

Thus far, Syria has avoided joining an outright alliance with Moscow in spite of years of co-operation between them and of Syria's dependence on Soviet armament in the confrontation with Israel.

Observers said Mr. Khaddam's remarks suggested that Damascus might be as worried as the Soviet Union about speculation that American forces might be stationed in the Sinai Peninsula, the West Bank and the Gaza Strip as part of a Middle East settlement.

They added that such a settlement would not only be against Syria's wishes but Damascus would regard American military presence near its borders as an additional threat to that of Israel.

Kaunda unlikely to be opposed

BY OUR FOREIGN STAFF

DR. KENNETH KAUNDA, the Zambian President, now seems *assured of being nominated sole* candidate for this year's presidential elections. The decision will be taken by 6,000 delegates at the general conference of UNIP (United National Independence Party) — Zambia's sole legal political organisation, starting tomorrow.

Many independent observers say Dr. Kaunda would win the nomination, anyway, in spite of the country's economic crisis. But new constitutional amendments announced this week have prompted charges by his opponents that Zambia's one-*party system makes any real* challenge impossible.

Three men have said they will contest the nomination: veteran politician Harry Nkumbula; Lusaka businessman Robert Chiluwe; and former vice-President Simon Kapwepwe. *Like the* others, Mr. Kapwepwe, by far the most serious challenger, has come out in favour of a shift towards capitalism in the economy and reopening the border with Rhodesia.

Mr. Kapwepwe's chances of winning the nomination were shaky from the start, in spite of his support among upper-income groups and particularly among the vocal Bembas of the Copperbelt and Northern Zambia.

A massive anti-Kapwepwe campaign was monted in the officially-run media, which refrained from publishing statements by the former Vice-President and his supporters, who alleged the vote was being rigged.

Firm China line in Hanoi talks

BY JOHN HOFFMANN

PEKING, Sept. 7.

CHINA TODAY put forward a moderately-worded proposal for a solution to its dispute with Vietnam over the future of the 1.5m Chinese nationals living in Vietnam.

Negotiations between the Vice-*Foreign Ministers of the two* countries resumed today in Hanoi after a recess in which the Chinese negotiator, Chung Hsi-tung, returned to Peking for a week's consultations about the progress of the talks.

Although his statement today was in more restrained terms than was the rule at the four previous sessions, Mr. Chung left no doubt that the Chinese Government intended to hold firmly to its position. China has *claimed that Vietnam is deliberately* persecuting residents of Chinese nationality and driving them out of the country.

The dispute has led to tensions in the Sino-Vietnam border area with frequent outbreaks of violence and accusations of territorial incursions by both sides. Unconfirmed reports have suggested that hasty military concentrations on both sides of the border may be a prelude to more serious conflict.

At today's resumption of the Vice-Ministerial talks, Mr. Chung delivered China's proposals in polite language which damned Vietnam's treatment of Chinese residents, especially those who had settled in South Vietnam.

THE KENYATTA SUCCESSION

Kenya sticks to the rules

BY QUENTIN PEEL, RECENTLY IN NAIROBI

"WHEN YOU don't have time to think, you follow the rules," declared one diplomatic observer in the Kenyan capital *last week. In spite of his old* age and occasionally failing health, the sudden death of Kenya's seemingly indestructible President Jomo Kenyatta undoubtedly caught the nation, and his potential successors, unawares. The surprise was probably aggravated by the ban on all public debate of his succession during the Kenyan leader's lifetime.

In the event, the Acting President — former Vice-President Mr. Daniel arap Moi—and his cabinet colleagues, have moved rapidly to set up the necessary procedures for a smooth succession, and have scrupulously observed the rules. Having organised the huge state funeral with notable efficiency and orderliness, the Kenyan authorities are clearly keen that the same should be said for the transfer of power to a new executive President.

According to the Kenya constitution, the process for electing a new President is relatively straightforward. On the death of the incumbent, the Vice-President will take over the office for 90 days, with strictly limited powers, while Presidential elections are held. A candidate for President must be nominated by a political party, with more than 1,000 supporting signatures. He must *also be aged over 35*, a Kenya citizen, and an elected member of Parliament.

Within 24 hours of the late President's funeral, Mr. arap Moi had already announced the first, and most important, step in the process: the ruling Kenya African National Union (KANU) will convene a special delegates' meeting on October 6 to nominate its candidate for president. As KANU is de facto the only political party in Kenya, its candidate will inevitably be unopposed for the post, and be declared elected without a further poll. Although the Kenyan national constitution does not prevent a party from putting forward more than one candidate, the KANU constitution provides for only one party leader, who shall also be head of state.

The question of whether the constitutional process can sand up to the inevitable rigours of choosing a successor in the vacuum left by Kenyatta's death. In the event, and in the short term, the answer should be yes.

Mr. Arap Moi, a member of the Tugen tribe *in the minority* Kalenjin group should prove popular to those looking for a compromise leader outside the main Kikuyu and Luo tribes.

The crucial question is whether the constitutional process can stand up to the inevitable rigours of choosing a successor in the vacuum left by Mr. Kenyatta's death. In the short term the answer should be yes.

He would appear to have an unbeatable lead and no obvious rivals in the immediate election stakes. Yet such a situation belies the deep divisions which exist within KANU.

Over the past two years, two broad coalitions have jockeyed for power, clearly with an eye on the succession. They centre loosely on the traditional rivalry between the two principal clans of the politically dominant Kikuyu tribe: those from the northern Nyeri district generally supporting Mr. Arap Moi, while those for Kiambu, closer to Nairobi, have backed the politicians close to the late president's family, headed by Dr. Njoroge Mungai, former Foreign Minister and President Kenyatta's nephew.

The suddenness of the late President's death has caught the Kiambu faction in some disarray and effectively without a candidate to put against the Acting President. Dr. Mungai himself cannot stand, because he is not an elected member of Parliament. Neither of the two alternatives is likely to be able to rally enough support in the time available. Mr. Mbiyu Koinange is the most formidable, President Kenyatta's brother-in-law and Minister of State in the President's Office. Aged 71, he is the leading representative of the old guard, but he has made as many enemies as friends in his devoted service to Mr. Kenyatta. The other man who has aligned himself with the Kenyatta "family" faction from Kiambu is Mr. Munyua Waiyaki, the Foreign Minister. But although a successful populist *and ambitious politician, he has* scarcely had time to organise a serious candidacy.

As for other possible contenders, Mr. Mwai Kibaki, the able and popular Minister of Finance, seems to have tied his colours firmly to Mr. Arap Moi's standard, while Mr. Oginga Odinga, the former Vice-President and veteran Luo leader, although he would like to put himself forward, is disqualified because he is not an elected MP.

A complicating factor in ensuring a smooth succession is the short remaining term of office facing the new President — a general election, which automatically means a new presidential election, is due *to be held* before the end of next year. In the interim, the latent factionalism within KANU could well re-emerge, while the new President would be earning inevitably unfavourable comparison with President Kenyatta, leaving him in a much weaker position. Moreover, economic prospects for the coming year are generally gloomy.

Mr. Arap Moi, if he does indeed win the nomination, will have three possible alternatives to consolidate his position. First, he could prorogue Parliament, as President Kenyatta did on more than one occasion, to gain a breathing space: but it would inevitably be limited, because he would need parliamentary approval for his budget, and a prorogation of more than a year automatically results in an election. A second alternative is to persuade Parliament to extend its own life, which could give him anything up to five years, but requires a clear majority in the generally sceptical chamber. Finally, he could actually bring forward the date of elections, to *forestall both the criticism* and the factionalism. Although immediate general elections are unlikely, not least because of the volatile atmosphere following President Kenyatta's death, they could be held early next year.

The short life left to the current presidency is another factor which could persuade erstwhile opponents to support Mr. arap Moi, in the hope that he will simply be a caretaker President. If they hope to replace him, however, they must *first revitalise* the moribund ruling party. "They will have to resurrect a dead organ," how one political observer described the forthcoming KANU convention. The party has not held national elections since 1966, and only two of its *national executive are* properly elected. The lack of any proper organisation or administrative structure could leave it open for an able organiser to revitalise and ultimately control.

The new President would undoubtedly be in a better position *to do this than anybody else*, to make his position impregnable, at least for another full term of office, by which time a strong rival may well have emerged from the ranks of the Kikuyu.

One other alternative constitutional scenario is being *mooted in Nairobi*: that Mr. arap Moi will win the presidency, but that the party will call for the creation of a Prime Minister. That job, it is suggested, would go to Mr. Kibaki, leaving the President as more of a figure-head. The idea has, however, been *strongly repudiated* by Mr. Charles Njonjo, the powerful Attorney General and a close ally of Mr. arap Moi, who killed that idea years ago, he said last week.

[illegible]

WORLD TRADE NEWS

Comecon offshore exploration could produce a $24bn market

BY KEVIN DONE, ENERGY CORRESPONDENT

HE INCREASING pace of offhore exploration for oil and gas n the Comecon countries will roduce a market for offshore quipment that could be worth 24bn by the early 1980s.

According to a report from esearch Associates, the Eastern loc will require a wide variety f proven Western technology to upport this offshore development programme.

In an introduction to the eport, Mr. Terry Darlington, enior partner of Research Assoiates, says that Comecon is very nterested in co-operating with he West in this area.

"The Soviet Union remains the argest single oil producing ountry in the world. Its requireents for offshore equipment ay be larger than the total equirement for the development or the development of the North ea."

The principal area of interest in the Soviet Union is the Caspian Sea shelf, where drilling has been carried out for a number of years.

The water is relatively shallow, says the report, but the early discoveries of oil and gas are now being rapidly depleted and existing technology cannot cope with surveying and extracting hydrocarbons from deeper finds.

Oil production from the Caspian Sea declined between 1970 and 1975, but the USSR's medium-term plans call for this decline to be reversed.

The technology required by the Comecon countries will include pipeline and associated equipment, drilling tackle and drill-pipe, subsea engineering equipment and production and extraction equipment.

The Soviet and East European requirement for offshore technology will build up from 1978 through to the mid-1980s, says the report. It should then remain a considerable long-term interest for the Western exporter.

Comecon purchasers are also said to be interested in seismic surveying and well-logging equipment, high-speed pumps and fluid and gas lift systems.

Many Western companies *already are pursuing offshore* opportunities in the Eastern bloc. For a number of years, for instance, British Petroleum has been discussing with the Russian authorities the possibility of oil exploration in the Caspian and Barents Seas, joint venture oil refining projects and involvement in an oil platform fabrication yard in conjunction with Brown and Root and Wimpey on the shores of the Caspian Sea.

(Oil and Gas Developments in Comecon and Opportunities in Offshore Equipment, Research Associates, The Rudfords, Stone, Staffordshire, £333 or $650).

Mideast accounting switch

By Terry Ogg

TANSLEY WITT, a major UK accounting firm, has joined the battle for business in the Arab world.

The firm has formed a new partnership, based on the existing Mattar practice in Beirut, and has announced plans to add three new offices to the present two by the end of 1979.

The move represents the latest in a series of changes to accounting line-ups in the Arab world, that emphasise the divergence of opinion among international firms on how best to tap the potentially lucrative Middle East market.

The catalyst for the changes was Arthur Andersen, one of the world's largest accounting groups. Earlier this year it cut its ties with Saba and Co. in order to go it alone in the region. Touche Ross International, which had ties with Khouri and Co. (later Mattar and Co.), felt that Saba's network of 22 offices in 18 countries provided a better vehicle for growth. So Mattar, on September 1, hitched its star to Tansley Witt.

The new partnership is called Alexander Grant Mattar and Co. —Alexander Grant being Tansley's U.S. connection—because the U.S. name is more marketable in the main growth areas of the Middle East, particularly Saudi Arabia and the Gulf States. It will have the active support of Tansley and will be able to draw on the worldwide resources of the UK and U.S. partnerships.

Mr. Mattar, managing partner of the new firm, said yesterday his firm had established a rapid growth rate in the past three years with gross fees rising from $500,000 to $1.5m in the period *$500,000 to $1.5m in the period.*

Reuter reports from Hongkong: Korea Overseas Construction has been granted a 559m Saudi riyal standby syndicated guarantee facility, Citicorp International said, as manager. The facility will be for three years, And will be used to support two advance payment guarantees for Korea Overseas Construction projects in Saudi Arabia.

● A senior Kuwaiti official has denied that Kuwait has bowed to U.S. pressures to relax its operation of the Arab economic boycott of Israel.

In an interview with a Kuwait newspaper, Mr. Abdel-Rahman al-Ghuneim, Under-Secretary of the Ministry of Communications, said new rules decided by the Government last Wednesday slightly amended the terms of the boycott, but did not affect its principles.

Kloeckner signs East German deal

BY LESLIE COLITT

EAST-WEST German trade is expected to grow by another 5 per cent this year to reach DM9bn, according to West Germany's State Secretary in the Bonn Economics Ministry, Herr Detlev-Carsten Rohwedder, who is in Leipzig for the bi-annual East-West trade fair.

Herr Rohwedder said his talks here with East-Germany's Foreign Trade Minister Herr Horst Soelle were "friendly and relaxed" and that East Germany realises how important it is to "nurture and expand" its trade with West Germany.

One illustration of how well West German companies do in turnkey projects in East Germany and Eastern Europe as well, is the signing to-day of a DM120m contract between Kloeckner Werke and East Germany under which the company will build a potash granulation plant at Zielitz for which Taylor Woodrow of the UK, also bid.

No compensation is said to be involved but Kloeckner is believed to have offered cheaper financing than Taylor Woodrow. Kloeckner is reported to have been able to offer lower interest rates since its credit was provided through private banking sources rather than through the Government-backed Hermes organisation while the British financing complied with the Gentlemen's Agreement on government-backed export credits.

It is also believed that the East Germans had insisted on sterling financing for the Taylor Woodrow offer though in the final stages of the negotiations were apparently prepared to consider financing in other currencies. Taylor Woodrow is reported to have quoted in U.S. dollars but would also have been able to quote in D-marks. In the end it seems that the lower interest rates offered by the West Germans made the overall financing cheaper despite the fact the Kloeckner was quoting in a harder currency than Taylor Woodrow.

The remarks by Herr Rohwedder on the favourable climate for East-West German trade are borne out here by the talks East Germany's Communist Party leader and President, Herr Erich Honecker, has had with the management of Hoechst. Herr Honecker assured Herr Willi Hoerkens, a member of the Hoechst board, that East Germany is pleased with the work Uhde, a Hoechst subsidiary, is doing at Schkopau where 2,000 West German and foreign workers are building vinyl chloride and polyvinyl-chloride plants worth DM 1.2bn. Construction is said to be proceeding ahead of schedule, which is music to East German ears. Economics officials here have been complaining bitterly about the billions of marks the economy loses by delayed completion of investment projects.

As a result of the talks at the Leipzig Fair, top Hoechst executives have arranged further meetings at which the subject will be that of further large-volume deals. Herr Rohwedder said he came away from his talks in East Germany with the impression that West German companies would also not be overlooked in the "restructuring" of the East German car industry to take place by 1985.

Another West German economics official here notes that some of West Germany's competitors are taking a great deal more in compensation goods from East Germany in order to clinch deals but that "they often don't know what to do with the stuff afterwards." This appears to be a reference to the $370m deal with Citroen which is building a transmission plant at Zwickau and to Toyo which is erecting a $450m aromatics plant at Schwedt on the Oder River.

Poland halves deficit with West

BY CHRISTOPHER BOBINSKI

WARSAW, Sept. 7.

POLAND HAS more than halved its hard currency trade deficit in the first six months of this year compared with the same period in 1977.

According to the figures published in the Polish monthly statistical bulletin the 1978 hard currency deficit was running at $436.4m at the end of June. This compares with a deficit of $969.0m at the same time last year. The hard currency deficit in 1977 as a whole was $2.3bn.

The trade deficit with both East and West, for the first six months of this year was 693.3m, foreign exchange zloty ($208.6m) compared with a 3.3bn foreign currency zloty ($1bn) deficit in the same period last year.

Overall trade turnover rose in the first six months of this year to 43.3bn foreign currency zloty ($13bn) which is 2.3 per cent up on the same period in 1977. So far exports are up by 9.3 per cent and imports have dropped by 3.8 per cent.

Trade turnover with the Comecon countries rose by 5.1 per cent. Poland now has a surplus with her Comecon partners to the tune of 763.3m foreign currency zloty in the January to June period. This compares with *a deficit of 106.1m* foreign currency zloty in the same period of 1977.

These results would suggest that the year end hard currency deficit will be around the $1bn figure expected by Finance Ministry officials.

Japan visit encourages Mason

BY CHARLES SMITH

TOKYO, Sept. 7.

OR THE first time in six years apanese companies have begun consider Northern Ireland as "conceivable site" for investent, Mr. Roy Mason Secretary f State for Northern Ireland, laimed in a press conference oday.

He said Japanese investment nterest in the EEC had begun to quicken" and Northern reland was attracting attention ecause of its new package of instment incentives which made ne terms available to incoming ompanies twice as attractive as ose elsewhere in the UK.

In addition foreign investors in Japan were beginning to "overcome the threshold of disbelief" about the improving security situation in Northern Ireland. Mr. Mason said the Japanese Ambassador to the UK, Mr. Kato, had been "pleasantly surprised" by the investment climate and the security situation during a recent three day visit to the province. He felt that this message was getting through to Japanese investors, although no company as yet had got to the point of conducting a detailed site survey in the province.

Mr. Mason, who arrived in Tokyo on Tuesday and leaves on Saturday said he had been visiting Japanese companies "hour after hour and day after day" in order to put across the message that Northern Ireland was now one of the most attractive investment locations in Europe.

Apart from meeting companies Mr. Mason has had talks with the Minister of International Trade and Industry, Mr. Toshio Komoto, with the Vice Minister of Foreign Affairs, and with officials at the Industrial Bank of Japan (which specialises in the long term financing of industrial investment).

Taiwan blocks TV ventures

TAIPEI, Sept. 7.

HE TAIWAN Government is to eject applications by Japanese companies to set up joint entures in Taiwan to produce elevision sets.

The Central News Agency, uoting the Ministry of Economic ffairs, said that the Government taking the move because of uota restrictions on imports om Taiwan currently in force other countries. Since the nposition by the U.S. of import strictions on Japanese-proiced TV sets, several Japanese anufacturers have shown nterest in setting up factories or int ventures in Taiwan, the gency added.

gencies

Export boost to S.E. Asia

BY DANIEL NELSON

BRITISH EXPORTS to South East Asia—"the fastest consistent growing area of trade in the world"—are up 30 per cent in the first seven months of this year.

This was announced yesterday by Mr. Denis Rooney, chairman of Balfour Beatty, in his capacity as chairman of the South East Asia Trade Advisory Group. He was speaking at the launching of an audio visual presentation which he said was designed to "overcome the great ignorance factor, especially among small British companies about what is often regarded as the dim and distant East."

Mr. Rooney said that British exports to member countries of the Association of South East Asian Nations (ASEAN) in 1977 increased by 20 per cent over 1966 to £600m, and growth this year was even higher. In the first seven months, British exports to Malaysia totalled £110m, up from £79m in the comparative period of last year. Figures for other ASEAN countries were: Singapore—£146m (£108m); Thailand — £49m (£45m); Indonesia — £52m (£49m) the Philippines—£75m (£58m).

Volvo agreement unsatisfactory

BY FAY GJESTER

OSLO, Sept. 7.

THE PROPOSED agreement between Volvo of Sweden, and the Norwegian Government is unclear and unsatisfactory in many ways, says the Norwegian Federation of Industry (NIF) in *an open letter to the Government*. While reserving judgment on the deal, the Federation urges that certain unsatisfactory and ambiguous aspects of the preliminary agreement should be eliminated before the final, detailed agreement is presented to the Storting (Parliament) on October 15.

The promise that 3,000 to 5,000 new jobs will be created in Norway in the next five years, as a consequence of the Volvo deal, is strongly questioned. NIF's own estimate, which it presents in some detail, is that only about 800 new jobs will be offered directly by Volvo—through establishment in Norway of administrative offices, and possibly a small research and development centre. This leaves some 2,000 to 4,000 new jobs to be created by Norwegian firms.

The preliminary agreement does not make it clear whether Volvo's planned investments in Norway—put at NKr 500-700m over five years—are to be spent only on Volvo's own Norwegian facilities, or whether some of the *money will be invested in new* production facilities for Norwegian companies that will supply Volvo.

The NIF quotes Norway's Association of Mechanical Engineering Companies as estimating that around NKr 400,000, at 1977 values, will have to be invested for each new job created in Norway's car parts industry. Substantial sums will also be needed for investment in product development, meaning that billions, altogether, will have to be invested in Norwegian industry. "We assume the Government will bear this in mind in its further work with the Volvo agreement."

Another point raised in the letter is the intense and growing competition among the world's *car makers, in a field dominated* by "a handful of multinational concerns with massive resources." Cut-throat competition has shaved profit margins so hard that some Norwegian firms already have had to turn down car part supply contracts, it says.

The financing arrangements proposed for the new Swedish-*Norwegian Volvo are also criti*cised. The preliminary agreement says the Norwegian and Swedish holding companies "must ensure that the joint Volvo always has the equity it needs to maintain and develop the joint concern." Neither Swedish nor Norwegian company law can put any such obligation on private shareholders, the letter points out. The Norwegian Government can undertake this responsibility if it wishes, but this would mean that the Government was committing Norway to share responsibility for maintaining "extensive industrial activity and some 44,000 jobs in Sweden."

"We assume that the . . . authorities will find it advisable *that some conditions . . . should* be attached to an undertaking of this nature," the NIF dryly remarks.

UK concern on Sudan delays

By Our Foreign Staff

THE LONDON Chamber of Commerce and Industry is to ask the Department of Trade to take action over the long delays which its members are experiencing in obtaining letters of credit from banks in Sudan to finance imports from Britain.

Exporters claim that delays have increased considerably over the past year and a half. The average delay is between six and nine months. But sometimes letters of credit have taken 18 months to come through and in other cases firm orders placed with British exporters have lapsed as a result.

This applies not only to large contracts in the £2-3m range but also for ongoing business involving individual orders of £20,000 to £40,000. For some exporters the orders held up represent as much as 10 per cent of their total business.

Sudan is suffering a serious *shortage of foreign* exchange which has been aggravated by an effective 20 per cent devaluation of the Sudanese pound in June.

APPOINTMENTS

Music management Board for EMI

A new organisational structure d senior appointments by EMI e to take effect from October 1, llowing the appointment of Mr. askar Menon on July 1 this ar as chief executive of the oup's music operations.

The EMI Music-Worldwide anagement Board is established, aded by Mr. Menon as chairan and chief executive, together th Mr. K. East, Mr. L. F. Hill, r. A. Todman and Mr. D. Zimermann as members.

Mr. East, who joins EMI after veral years as vice-president of otown International in the UK, s been appointed joint manag director of EMI music operans. He will have responsibility r all EMI's recorded music busisses outside Europe, North nerica and Japan and he will o oversee music publishing erations outside North nerica.

Mr. Leslie Hill, at present rector, group music, also bemes joint managing director of II music operations in charge music businesses in the UK and ntinland Europe. He will have ntrol of the central staff services vering EMI music operations rld-wide, excluding North nerica. Mr. A. Todman, who is oup controller, will be finance ector of EMI music operations. Mr. D. Zimmerman, president, pitol Records, Inc., based in llywood, will represent the II group's North American erests on the EMI Musicorldwide Management Board. Menon will retain his responlities for Capitol Industres-II, Inc. (of which he is president l chief executive) and its subiaries in North America. He l also oversee EMI's music pubhing operations in North nerica and the group's music erests in Japan.

Other EMI group senior appointnts also take place from the ginning of October. They are P. A. D. Duffell, divisional ector, who will be group overs director. He will advise the oducts operations on the oup chairman, group vice-chairn and chief executives of oup's international affairs. His ponsibilites will also include presentation of EMI's corporate erests on the Board of EMI ustralia).

Mr. M. O. Hamilton, divisional ector based in mainland rope, has deferred his retirent and is to be group adviser European affairs. Mr. C. May, ector, commercial affairs, rope, will become general manr, group finance, based at I's head office in London.

★

Mr. Severino Ferrari has been moted to vice-president in the ddle East Area Office of BANK AMERICA and Mr. Joseph G. sar has become assistant vicesident at that office. Other istant vice-presidents appointed Mr. Gerard J. Duffy (Dublin), Hans J. Habermann (Stuttt), Mr. Patrick O'Sullivan ndon), Mr. Terrence Watson ndon), Mr. Claude D. Wolff uthern Europe Area Office, is).

★

rofessor Alastair Worden is to the Huntingdon Research Centre relinquish the chairmanship of HUNTINGDON RESEARCH CENTRE from September 30. He will be succeeded by the deputy chairman, Dr. David Mansel-Jones, formerly chief medical assessor to *the committee on Safety of Medicines*, who joined the centre as vice-chairman in 1974. Professor Worden will have the title of founder in a consultative position with the centre.

★

Mr. Philip Smith has been appointed sales director of the UK housewares division of the PRESTIGE GROUP.

★

Mr. Donald Mothersill has been appointed deputy chairman of EYRE AND SPOTTISWOODE from November 1 and he will be the director responsible for exports. He will be succeeded as managing director by Mr. Christopher Reed on that date. From October 2, Mr. John Bewick will become general manager, Grosvenor Press. He was previously production manager at the Dunstable plant of Thomas De La Rue and Co.

★

Mr. J. L. Greig has been appointed to the board of WESTERN MINING CORPORATION. Mr. Greig is a director and was formerly general manager of the Colonial Mutual Life Assurance Society.

★

Mr. Jerry Meier, director and general manager of BRITISH ENGINE INSURANCE, retires at the end of the year.

★

Mr. G. G. Rice, a founder director of CHARCON, a subsidiary of the Charterhouse Group, is to retire from the company at the end of this months but will remain a consultant.

★

Mr. John Wood has been appointed managing director of the BRITISH FITTINGS COMPANY in succession to Mr. John Watson, who remains chairman. Jane Gee joins the company as secretary and financial director.

★

Mr. E. T. McCurley and Mr. J. R. G. Schofield have been appointed to the Board of BRUSH ELECTRICAL MACHINES. Mr. McCurley has executive responsibility for export sales and Mr. Schofield for the control gear division of the company. Mr. P. R. Watkinson has joined the Board of MIRRLEES BLACKSTONE (STAMFORD) as engineering director. The parent concern is Hawker Siddeley.

★

Mr. Derek Walker has been appointed managing director of EMPLOYERS PROTECTION MANAGEMENT SERVICES and Mr. Richard Parker has become director of operations.

★

Mr. Sam Roberts has been appointed executive vice-chairman of STERLING SILVERWARE and Sir Peter Roberts remains chairman. Mr. Roberts relinquishes his position with the First National Bank of Chicago to take up his full-time post with the family business in Sheffield.

ENERGY REVIEW:

BY DAVID WHITE IN PARIS

Furling the French oil umbrella

THE OIL business is the latest target of the French Government's work on dismantling the apparatus of "dirigisme." Only a few weeks after the first rumours that the Government might be turning its thoughts in this direction, decisive measures were brought out last week which end a 50-year chapter of close State guardianship.

On the way out are the fixed prices which had been expected to outlive fixed prices in other sectors of French industry. On the way out, too, is the system of granting fixed import quotas to oil companies, an arrangement set up in 1928 and maintained despite the evident distaste of the European Commission in Brussels.

Market forces

The "liberalising" of the domestic oil business in French is one of the more delicate steps in the policy of the Centre-Right government to open industry more to the play of market forces. The freeing of industrial prices has been welcome to most industrialists. But free price competition is anything but welcome to the two French oil groups. Total (Compagnie Francaise des petroles), 35 per cent State-owned, and Elf-Aquitaine, 70 per cent State-owned. Not only do the companies have to give up hopes of receiving an extra take on their petrol sales to cover refining losses, but also, along with the abandonment of import quotas, they stand to lose the guarantee that went with them of a reserved share of the French market.

Perhaps it says something about the quality of life in modern France that the French Communist party hardly batted an eyelid when bread prices were freed a few weeks ago, but that its leader, M. Georges Marchais, returning tanned from holiday, concentrated instead on attacking the price of petrol. It was undoubtedly a good wicket to bat on in August, when holiday-making French workers participate annually in one of the world's heaviest concentrations of road traffic.

The basis of M. Marchais' argument, and the factor which above all gave the government room for manoeuvre in its oil policy, was the dwindling value of the dollar. This has by now lifted any pressure on the government's target for maximum spending on crude oil imports this year. Last year, it managed to keep below its maximum target of FFr 55bn (£6.5bn). It had allowed for an increase to FFr 58bn this year, but in fact only FFr 26bn was spent in the first half year and the final result will almost certainly be well inside the budget. The cheaper dollar also gives the government leeway to play around with petrol prices, which at FFr 2.68 per litre of high-octane fuel these days (£1.45 per gallon) are among the highest in Europe.

Although the main idea of the latest measures is for the Government to remove its large protective hand from the oil business, it is, like someone trying to balance an egg on a table, not removing it altogether.

The only prices freed immediately are those of naphtha and heavy fuel oil for industry. Prices of petrol, diesel oil and domestic fuel will not be freed until January, 1980. In the interim, they are to be subject to a regime of variable maximum prices fixed every other month according to an index based on currency movements and producers' prices for crude.

Under the Government's estimate of the current "realistic" price, the potential immediate gain from the cheaper dollar would be 6.85 centimes per litre of petrol. This will not be passed on to the consumer as M. Marchais demanded and as M. Rene Monory, the *Economy Minister*, more than half-promised it would be. Instead, the 6.85 centimes are being creamed off in taxes and put into an energy conservation fund. The extra boost this will give to energy-saving schemes is expected to amount to FFr 500m (£60m).

Dousing any lingering hopes that prices might actually go down for the first time since the 1973 oil crisis, the Government's latest budget revisions have stored up another 13 centimes per litre increase for next year to fill a gap in its tax coffers.

If prices are being kept under partial control for the time being, the same applies to companies' import arrangements. Although strict quotas are being scrapped, the companies which refine oil in France—Total, Elf-Aquitaine, Shell, Exxon, BP and Mobil—will be required to submit "supply programmes" for Government approval. This system, which the French hope will receive acceptance by the EEC Commission, is intended to ensure that France keeps as wide a geographical range as possible of suppliers of crude (having none to speak of of its own), and that companies stick to fair competitive prices.

The obligations companies came under in exchange for their guarantees are being kept intact: notably their commitment to maintain strategic reserves. But, although the government has not said anything about dropping a rule whereby oil importers have to ship two-thirds of their traffic under the French flag, it is thought that this might go.

M. Andre Giraud, the Industry Minister, claims that despite the "liberalisation" of oil "the principle itself of the 1928 law doesn't change." The law placed the monopoly for importing oil into the hands of the State, a monopoly which in practice it sub-lets. The government has until now delegated its responsibility through three-year and ten-year import quotas to the refining companies, giving them a guaranteed market share in exchange for commitments on stock levels, the use of the French merchant fleet for most of their trade and the development of refining capacity in proportion to expected market needs.

This worked to the immense benefit first of Compagnie francaise des petroles and later of the State-controlled Elf group, merged two years ago with Societe national des petroles d'Aquitaine. Defenders of the law credit it with enabling France to construct a refining industry according to her needs, to open up some export activity and to build up a tanker fleet. If the principle has really not changed, the oil companies ask, where is the evidence of continued support for the refineries? From the recent price increases of refined products—an 11 per cent rise in June and the roughly 5 per cent rise contained in this week's budget plans—the refiners get nothing.

This is not the only argument involved in the latest measures. Within the Government, M. Giraud, an energy expert who took the industry portfolio six months ago, is believed to have favoured the maintenance of a rigid regime in the oil sector. On the other side is M. Monory, in President Giscard d'Estaing's former Economy Ministry office for the same period, a blunt, practical man with no diplomas to hang on his wall but with an unshakeable belief in the free market economy.

A more blatant confrontation, however, came between M. Monory and Prime Minister Raymond Barre. M. Monory declared publicly that the Government was thinking in terms of reducing petrol prices. He said the reduction would be between 3 and 10 centimes per litre and would be decided shortly. But when M. Barre returned to the scene he stated bluntly that lower prices did not conform to the dictates of "good sense." The meeting that was to have decided on the new price was deferred. "When a product is rare," M. Barre said, "as oil products are, it should not be cheap."

FRENCH ENERGY CONSUMPTION
(in units of 1m tonnes oil equivalent)

	1955	1960	1965	1973	1977	1985 forecasts
Coal	48	47	46	30	31.2	25–28
Oil	18	27	50	116	105.0	100–110
Natural gas	0.2	3	5	15	20.5	37–39
Nuclear electricity	—	—	—	3	3.6	50–55
Hydro-electricity	6	9	10	11	17.1	14
New energy sources	—	—	—	—	—	2–3
Imported electricity	—	—	—	—	1.1	—
Total	72.2	86	111	175	178.5	240

Hypermarkets

The one concession to price-cutting demands is a plan whereby hypermarket chains will be able to increase, probably double, the discounts of 5 or 6 centimes per litre they already offer. This would put the hypermarkets, which already account for 10 per cent of sales, in a position to compete even more strongly with France's 45,000 regular *pompistes*.

It has obviously been a tough job trying to reconcile various priorities: the Government's own budget problems, the need to keep imports down and curb energy use, the concept of giving industry "fair" prices for its fuel, and what are considered to be price anomalies in comparison with European neighbours (why for instance is diesel oil cheaper in France than in West Germany but petrol dearer?).

The question that seems to have secured bottom place is that of the future of the French refining industry. Refiners, suffering from the same overcapacity as others in Europe, say they have accumulated losses of FFr 10bn (£1.2bn) in the past few years and that their debt has doubled to FFr 40bn.

Elf is the main victim. The group recently estimated its losses on refining and distribution at FFr 20 per tonne of refined product sold. The lower cost of dollar-denominated crude purchases has given it only "a precarious advantage." The Total group is no cheerier. Its refining subsidiary, Compagnie francaise de raffinage, closed its books both last year and the year before with neither profit nor loss. The company, active in North Africa, the North Sea, the Middle East, North and South America and Indonesia, says that the problems of its refining branch and the lack of margin on oil from OPEC countries mean it may run short of funds for exploration. ELF's chairman, M. Albin Chalandon, has been voicing the same lament ever since taking the job last year, in the more emotional terms that the company's "vocation" to pioneer oil and gas sources may be jeopardised.

The company has appealed for direct State support, arguing that historically, State support is the reason why France and Italy have important oil companies and West Germany has not.

Last year, the 174m tonnes of French refining capacity were only 68 per cent used. The companies invested heavily at the beginning of the 1970s, and have had to adapt to a changed structure since 1973, with a heavier demand for petrol and less for heavy oil.

The government argues that the companies have adequate cash. Elf has a big cash-flow generated from its Lacq gas field in the Pyrenees near Pau, the biggest gas find on the *continent outside Holland* — although the decreasing importance in supplying the domestic market—and from its activities in Gabon and elsewhere.

The North Sea stands to boost this considerably. Elf has a big share in Frigg and a smaller share in Ekofisk. Total's participation in the recently-inaugurated Frigg field will bolster its cash-flow, too, in the early 1980s. In the meantime, the group has just launched the biggest capital-raising operation ever on the Paris bourse: FFr 588m one-for-four rights issue, backed by the State, which through its 35 per cent shareholding gets 40 per cent of voting rights. The new funds *will go a long way to restoring* balance between the company's capital and its debts.

Profit record

The government's attitude is that the companies should grin and bear these problems. And their profit record does not suggest the wounds are too bad. CFP-Total increased its earnings last year to FFr 260m from FFr 166m, and Elf's were FFr 1.24bn against FFr 840m. The companies call for refining to be treated separately as a crisis sector, like shipbuilding or steel. The government says oil production profits and refining losses *can quite well be* lumped together.

Thus Elf's call for special assistance has not been answered, nor have the companies seen anything of the extra couple of centimes per litre they want to cover refining costs. On top of this, they are threatened with losing their privileged market position. Last year the French companies had 53 per cent of French sales: Total had 26.7 per cent, Elf 23.3 per cent and the independents 3 per cent.

At the Industry Ministry, M. Giraud admits that the guarantee to French companies of at least half the market has no *raison d'etre*. Their share could in future be either higher or lower.

The oil business, says his colleague, M. Monory, "has no reason to escape the laws of competition."

M. Monory has a good worm's eye view: he learnt business in dungarees in his family garage.

HOME NEWS

Wilson Committee concerned over pension fund power

BY TERRY OGG

FURTHER EVIDENCE of the Wilson Committee's interest in the growing financial power of pension funds came in a speech by Sir Harold Wilson yesterday to a group of City businessmen.

He told members of the London Branch of the British Institute of Management, that this development was one of the major changes on the investment scene since the Radcliffe Report.

The committee was looking closely at the way the institutions were funded. "Our researches have raised more questions than they have answers on this subject at this stage.

"It is arguable as to whether the answer may come through consideration of whether pension funds associated with nationalised industries should be publicly funded. If it was decided not to fund them, there could be some reduction in anxiety regarding the power of these institutions."

It was not the first time Sir Harold or members of the committee had expressed concern at size and influence of pension funds.

"The City is not fully aware of the problem yet, and there is certainly no evidence that suggests the Treasury or Parliament are aware of it."

The rapidly growing insurance companies and pension funds were chasing a slowly rising volume of stock market securities, and likely to own more than 50 per cent of the total available in the next 12 months.

To emphasise the size and influence of the funds, he said coal nationalisation cost the Government £393m.

"I guess the coal industry pension funds today are probably involved in buying other people's industries at the rate of £393m every 18 months.

"That is an extension of nationalisation in a creeping way, not necessarily in the way that Parliament originally intended."

Alarm over imports as car sales boom

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

Record UK car registrations last month could provide the springboard for the best sales year ever in the British market, according to some industry forecasters yesterday.

But the official view from the Society of Motor Manufacturers and Traders, is that year-end sales will be slightly below the previous record of 1.66m in 1973.

It points to the fact that over the first eight months of the year registrations are still slightly under the total recorded five years ago—1,181,623 against 1,235,695.

But last month's buoyant trading brought an alarming rise in imports, which rose to their highest total of 53.8 per cent.

Signs that part of the failure of the UK industry to stand up to imports was due to production problems was underlined yesterday in a Department of Industry figures showing that car output has declined over the past three months.

According to Department car production fell by 13 per cent in the June to August period compared with the previous three months. On a seasonally adjusted basis, however, production in August came to 104,000 units, a slight rise on the 102,000 in the same month last year.

Shortfall

Commercial vehicle production was 8 per cent down in the three month period at a monthly average of 33,000 units.

The Society of Motor Manufacturers and Traders figures show that British-based companies were forced to import large numbers of cars from the overseas plants to make up the shortfall caused by poor UK production. The number of so-called tied imports from the Continent accounted for 13 per cent of the market.

This was substantially more than the 10 per cent of last year, and accounted for all the rise in the overall import figure, which stood at 50.8 per cent last year.

Among the UK-based importers, Ford brought in the largest number of cars with imports from Spain, Germany, Ireland and Belgium.

The company's sales of Spanish-produced Fiestas, both cars and vans, accounts for a big proportion of its sales. Last month it sold 6,473 Spanish Fiestas against 5,857 British vehicles.

Vauxhall sold 4,713 Belgian-produced Cavaliers last month, and Chrysler 1,991 French, Spanish and Irish-built cars. But BL cars also emerged as a substantial importer, with sales of 3,063 Minis and Allegros from its plant at Seneffe, Belgium.

Imports from the Common Market overall went up from 64,672 vehicles to 83,616 in August this year, improving their market share from 32.29 per cent to 33.52 per cent.

UK CAR REGISTRATIONS

	AUGUST 1978	%	AUGUST 1977	%	Eight months to August 1978	%	Eight months to August 1977	%
BL Cars	57,633	23.10	50,631	25.28	268,369	22.71	241,370	25.12
Ford	56,673	22.72	36,194	18.07	318,056	26.92	241,571	25.14
Vauxhall	16,781	6.73	18,303	9.14	96,589	8.17	90,216	9.39
Chrysler	15,419	6.18	11,983	5.98	78,140	6.61	57,488	5.98
British total	115,174	46.16	98,598	49.22	609,978	51.62	533,327	55.50
Datsun	16,888	6.77	16,917	8.45	76,624	6.48	59,764	6.22
Fiat	11,697	4.69	11,924	5.95	51,269	4.34	46,403	4.83
Renault	11,435	4.58	9,462	4.72	50,552	4.28	41,808	4.35
VW/Audi	10,798	4.33	7,734	3.86	45,090	3.82	32,597	3.39
Imports total	134,312	53.84	101,712	50.78	571,645	48.38	427,588	44.50
Grand total	249,486	100.00	200,310	100.00	1,181,623	100.00	960,915	100.00

Jubilee year tourism profit tops £1bn

BY ARTHUR SANDLES

DETAILED figures from the highly profitable Jubilee year confirm that the main growth areas providing visitors to Britain last year were the U.S., West Germany, Australia and the Middle East.

For outward-bound Britons, Spain lost some of its popularity, with the U.S., France and Portugal attracting much larger numbers of UK holiday-makers.

The figures, in the Government Trade and Industry magazine, confirm that the net profit on tourism topped £1bn last year. About 11.5m tourists spent £2.179bn, compared with the 11.2m Britons who went abroad, spending £1.102bn.

More than 1m Germans spent £162.3m, compared with £111.0m in the previous year. Traffic from the U.S. rose by 13 per cent to 1.686m, and from Australia and New Zealand by 7 per cent.

Some small European countries sent substantial percentage growths. The rise in traffic from the Middle East was 35 per cent.

The striking size of Middle Eastern spending in Britain is demonstrated by a comparison with Canada. The 494,000 Middle Eastern visitors (528,000 from Canada) spent £312.8m, compared with £107.3m by Canadian.

In foreign travel, visits to Portugal rose by 95 per cent, although from a smallish post-revolution base.

Traffic to the U.S. rose by 7 per cent. That to Spain dropped from 2.17m to 2.06m and spending fell too, an indication of trading down in a market heavily affected by inflation.

The average length of stay abroad last year by the British was 13.3 days, and the average spending on the trip £98.5. Visitors to North America spent an average of £191.5 and to EEC countries £89.2.

Overseas producers perform better in growth sectors

BY DAVID FREUD

BRITISH INDUSTRY has performed less well than overseas producers in those UK market sectors where growth has been most rapid, according to an analysis reported in the official magazine, Trade and Industry.

A study of manufacturing industry performance from 1963 to 1976 conducted by the Department of Industry found that, of the 20 fastest growing industries, only four improved their net trade performance. These were organic chemicals, synthetic rubber, drink and construction equipment.

The performance was derived by subtracting the average annual increase in home demand from output. Although about half the 63 industrial sectors achieved a positive rate, these tended to be industries with slower rates of increase in output.

The article said that the relatively poorer trade performance by the stronger industries was "disturbing."

The highest annual growth rate was achieved by electronic computers, with 20 per cent. There were four other industries with growth rates above 8 per cent—broadcast receiving equipment, pharmaceuticals, plastic products and organic chemicals.

At the other end of the scale the bottom four industries—electrical machinery, iron castings, woollen and worsted and "other vehicles"—all showed a decline of more than 2 per cent a year.

In 1976, the top ten industries made up just over 10 per cent of total manufacturing output while the bottom ten contributed some 12.5 per cent. The corresponding figures for 1963 for these ten groups were 4.5 and 18.5 per cent, respectively.

The analysis found that high growth in UK output, while often associated with improving net overseas trade performance, was strongly linked to growth in home demand.

Where output growth was high, labour productivity tended to show a rapid increase, partly because fast-growing industries often experienced high investment growth rates. In consequence, fast growing industries did not necessarily generate increases within themselves.

New standard for lagging

HOUSEWIVES should be able to cut their winter fuel bills as a result of a new specification published by the British Standards Institution. Its purpose is to save much of the thermal energy squandered in many homes because of inadequately lagged hot water tanks.

The new specification gives requirements for insulating jackets of the removable type used with various sizes of domestic hot water cylinders. It is a performance standard and describes a method of test for determining the standing heat loss.

Benn sets up offshore safety watchdog group

BY KEVIN DONE, ENERGY CORRESPONDENT

AN INDEPENDENT committee has been set up by Mr. Anthony Wedgwood Benn, the Energy Secretary, to review offshore safety regulations.

The committee will assess the effectiveness of the Department of Energy's regulations governing offshore exploration and development of oil and gas. It will also consider the role played by the various certifying authorities.

Mr. Benn said yesterday that he was satisfied with efforts already made to build up a comprehensive code for safe offshore oil and gas operations. "But I think it is important from time to time to obtain an independent view of safety regulations and procedures."

Members of the committee will be announced soon.

Prince Charles to attend industrial strategy talks

BY COLLEEN TOOMEY

THE FIRST STAGE of Prince Charles' programme to involve himself more closely with industry starts next month, when he will attend two meetings of industrial strategy sector working parties at the National Economic Development Office.

He will be concerned in discussions on the working parties, the first of which is the industrial trucks working party, on October 18 followed two days later by a radio, radar and electronic capital goods meeting.

The meetings are linked with visits to companies including Cossor Electronics, Plessey, GEC Marconi Radar Systems, Hyster Europe and Lansing Bagnall.

About 40 companies are taking part in the strategy to improve industrial performance through sector working party meetings, which bring together representatives of management, unions and Government.

Recommendations from the working parties with which Prince Charles is involved will be put before the full National Economic Development Council in February.

Land Fund hope for the arts

BY ANTONY THORNCROFT

THE PRIME MINISTER has asked the Central Policy Review Staff (the "Think Tank") to produce proposals on how the recommendations of the recent Commons Expenditure Committee on the operation of the Land Fund might be implemented.

The Land Fund was set up in the euphoric atmosphere of 1946 with the purpose of preserving the national heritage, and was allotted £50m out of the Consolidated Fund.

It was never liked by the Treasury, which managed to get it reduced in 1957 to £10m.

Only last year Baroness Birk, a Parliamentary Under-Secretary of State, was able to say: "The Funds seems rather mythical; it comes and goes; it is there and it is not."

The committee traced the decline of the Fund and recommended that it be freed from Treasury control. The Think Tank is at work devising a scheme of Trustees who could superintend the money, allocating it to needy artistic causes.

This could be a stately home in danger of destruction (the Land Fund might well have saved Mentmore intact); a piece of land such as the recently sold battlefield at Hastings; or works of art.

Museums and art galleries could apply to the Trustees for help to retain pictures, such as the threatened pair of Stubbs, in the UK.

The Land Fund stands at about £18m, but the Treasury has been reluctant to let any of its funds be used to save works of art from export.

Mr. Callaghan's interest was stimulated by Lord Cottesloe, who is chairman of Heritage in Danger, but it is hoped in art circles room will be found in the next Budget for the recommendations of the Think Tank.

Middle-classes at universities

MIDDLE-CLASS youngsters are increasing their dominant share of student places in universities, according to official statistics published yesterday.

A report from the Universities Central Council on Admissions showed that candidates from professional and administrative backgrounds—which at the last Census constituted only 16 per cent of the relevant population—took 52 per cent of the university places awarded to British students last year.

In 1973, the share of the places which went to youngsters from professional and administrative classes was only 49 per cent.

Statistical Supplement 1976-77, UCCA (PO Box 25 Cheltenham, GL50 1HY) £1.25

Bus pass plan for commuters

British Rail commuters will soon be able to add a bus pass to their rail season tickets, London Transport said yesterday.

From Sunday bus pass "add-ons"—at present available only to Underground season ticket holders—will also be offered with British Rail season tickets.

Tax agreement

THE NEW double taxation agreement between Switzerland and the UK will come into force on October 7.

Commodore to assemble calculators in Britain

BY MAURICE SAMUELSON

COMMODORE International, the U.S. pocket calculator manufacturer, is to begin assembly in North-East England of its Pet computer, designed mainly for domestic users or small businesses.

Mr. Jack Tramiel, Commodore's president, said in the U.S. yesterday that the Eaglescliffe plant at Cleveland would produce at least 500 computers a month, rising to 1,000 by December or January. U.S. monthly output now is 1,500.

In Britain, where Commodore is already one of the biggest pocket calculator suppliers, it has been selling 500 Pets a month since March.

Its strongest selling point is its relative cheapness, £6.. (incl. VAT). A quarter of the purchasers have been individuals, and another two-thirds were educational establishments.

The Department of Trade has given a loan for the new project which will increase Commodore's UK workforce from about 2.. to 250.

£50,000 price on island

THE 70-ACRE island of Staffa in the Hebrides, site of Fingal's Cave, is up for sale for more than £50,000.

Lying off the west coast of Scotland and about seven miles from both Mull and Iona, Staffa is owned by Mr. Alastair de Watteville, who bought it in 1972 for under £20,000. He is selling the island to finance expansion of his tourist business.

The island is uninhabited, but since 1975 Mr. de Watteville has run excursions and cruises from Oban and Mull, carrying 20,0.. visitors.

Fingal's Cave and Staffa featured in Mendelssohn's Hebrides overture and it was painted by Turner. The estate agents handling the sale, Knight Frank and Rutley, say that the island has changed hands only . times in the past 1,100 years.

All British again

NEWS ANALYSIS

BRITISH ALUMINIUM

BY ROY HODSON

THE WHEEL has turned full circle for the British Aluminium Company over 20 years. Henceforth it will be establishing itself in the home market and overseas as the only big British-owned aluminium company.

With the advantages of modern plant, an expanding world market for aluminium, a streamlined management team, and a good cash flow, the two chief executives, Mr. Ronnie Utiger, managing director, and Mr. Dick Charles, deputy managing director, were speaking enthusiastically, although guardedly, last night about the company's future growth prospects.

British Aluminium wanted to take such an expansionist course when it was a British-based international producer and marketer back in the 1950. But it was a weaker company then and lacked the big, modern smelting capacity since provided—with the backing of a Government deal for cheap power—by the Invergordon smelter.

In 1959 there was a battel of the giants over the company, when the combined weight of Tube Investments and Reynolds Metals of the U.S. (the third biggest aluminium company in the world after Alcan and Alcoa) fought off Alcoa to gain control of British Aluminium.

Separate ways

During the 20 years since then British Aluminium has learned a lot from Reynolds and has gained heavily from its technological help and access to overseas markets.

The involvement was at its most potent in the late 1960s and early 1970s when the new smelter in Scotland was being designed and built.

During the last few years of the connection, however, it became clear that the two companies were tending to go their separate ways. As far as Reynolds was concerned British Aluminium gradually became more of a portfolio investment than a partly-owned subsidiary in the same line of business.

The British management, meanwhile, sometimes felt constrained by the presence of Reynolds and the need for consultation when making long-range plans for the development of the British business. The British and U.S. interests could not be expected always to coincide.

British Aluminium is now strong enough to rely mainly upon its own technical resources, although contracts for the sale of aluminium by British Aluminium to Reynolds, and the sale of alumina (to which the mineral bauxite is reduced) in the opposite direction, will not be affected.

Mr. Utiger intends to continue talking to the Government about a new cheap electricity deal which would justify a big expansion of metal production at Invergordon.

Meanwhile, the older Lochaber smelter at Fort William is likely to be modernised at a cost of about £20m to raise British Aluminium's metal production of 140,000 tonnes a year by an annual 6,000 tonnes. All three of the companes smelters—the third is also in Scotland—are currently working at or near capacity.

The growth in world aluminium demand is expected to be between 5 and 6 per cent a year until the early 1980s at least. British Aluminium will share with some of the other big international producers a keen interest in building or purchasing additional capacity to meet demand.

Already shortages of smelted aluminium within four years are being forecast because it is clear that the new smelters being built or planned will not be able to cope with forecast world growth in aluminium usage.

The newly-independent British Aluminium may look abroad as well as within Britain at opportunities for additional smelting capacity. The crucial factor—but by no means the only factor—will be the cost of power. British Aluminium is also likely to secure for itself bigger sources of alumina supplies for the smelters by investing in new plant or by buying into projects being built overseas.

Finally, the company is to be expected to modernise some of the older parts of its capacity for producing rolled and extruded semi-finished aluminium, and to invest in some new plant.

New investments

Reynolds wants to put to use the £42m raised through the sale of its British Aluminium shares by making new investments quickly—mostly in and around the U.S.—in aluminium activities which it has identified as having maximum profit potential. Reynolds paid £18m for its holding in British Aluminium in 1959.

The puzzle is how Reynolds will use the money to secure a better return than it has enjoyed from British Aluminium (23 per cent return upon capital before tax last year). The real reason why Reynolds has decided to cash in its British Aluminium stake may not yet have been told.

Takeover threatened to split the City

IT IS almost 20 years since Reynolds acquired its 49 per cent stake in British Aluminium in one of the most bitter takeover struggles the City has ever seen.

On one side was Tube Investments and Reynolds backed by their financial advisers S. G. Warburg, Herbert Wagg and J. Henry Schroder. Ranged against them was British Aluminium, and a whole string of big City names.

To spike the guns of Tubes and Reynolds' joint approach, British Aluminium announced a deal with Alcoa which would have left the U.S. group with a third stake.

Backing this move was a consortium of 14 leading City banks and finance houses including Hambros Bank, Lazard Brothers, Samuel Montagu, Morgan Grenfell, Guiness Mahon and Brown Shipley.

As the takeover struggle reached its height—with stock market punters having a field day with as many as a million BA shares changing hands in a single day's dealing—the syndicate of City bankers launched a counter bid worth £7m, only to be followed by a higher offer from Tubes.

It was a situation that threatened to split the City asunder and the eventual victory of Tubes and Reynolds did much to enhance the reputations of their financial advisers.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.
GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455

Swindon offers you more room for improvement

The facts speak for themselves.

Since 1953 nearly 300 companies re-located in Swindon. Firms like British Leyland, Burmah Oil, Hambro Life and W. H. Smith.

With a hundred and one promising alternatives why Swindon? Simply because no other area can match us for location, communications, facilities and human resources – unique assets which can offer you a speedier, more substantial return on your investment.

Factory space, office space and development sites are immediately available.

O.D.P.'s are not required and you'll get I.D.C. support. Talk to our development team now. With over 25 years' experience behind them, they'll move mountains to make your move a smooth one.

For the brochure which is your Passport to Profit, contact: The Industrial Adviser, Thamesdown Borough Council, Swindon, SN1 2JH. Tel. 0793 26161 Telex: 44833.

SWINDON
Incentives no government can offer.

DAVID FISHLOCK AT THE BRITISH ASSOCIATION MEETING

Listening for sound of failure

THE NAVY has built a powerful electronic stethoscope to try to listen for the first warning noises of impending failure in large engineering structures.

It can pinpoint the source—such as a fatigue crack—deep inside a complex structure, and indicate it on a line drawing displayed on a TV-type screen.

Mr. Donald Birchon, a senior Navy scientist with the Admiralty Marine Technology Establishment at Holton Heath, Dorset, spoke of the "multi-million pound business" of acoustic emission, fastest growing of all methods of non-destructive testing, when he addressed the British Association at Bath yesterday.

It shows greater promise than other methods such a X-rays in penetrating right to the source of the trouble in large, complex structures, he said.

The new research tool consisted of a multi-transducer array of sound detectors coupled up to computers, which could "calculate within a second where the source of an event on a large and complicated structure actually was."

"In a decade it would probably be in widespread use to monitor some shopfloor operations—fabrication, electroplating, heat-treatment—to follow the performance of pressure vessels while they were being proof-tested and to monitor continuously highly-stressed structures such as nuclear reactors, bridges or aircraft.

Small farmers 'essential for self-sufficiency'

THE UK must encourage survival of the small farmer to counter unemployment and keep open the option of national self-sufficiency in food, said a senior agricultural scientist.

Dr. T. L. V. Ulbricht, a scientific adviser with the Agricultural Research Council, said that the world food shortage would not disappear by calculating that there would be enough to go round if only it were distributed more equally.

UK provides lesson on instability

THE ECONOMIES of many advanced countries could become unstable in the next two decades if the trend of slower growth continued, Mr. Walter Eltis, economics lecturer of Exeter College, Oxford, told the British Association of Bath yesterday.

Destabilisation on the model of Britain, New York and Chile, would occur if governments allowed non-market public spending to continue rising at the rates of the past two decades. And increasing spending at these rates "is bound to appear socially desirable to many."

Mr. Eltis said that the world's viable economies were those which had an adequate market sector surplus to finance both the needs of the non-market sector and those of job creation.

Between 1950 and 1973, a "typical" successful economy had a rate of growth of marketed output of 4-5 per cent per year and a rate of growth of real non-market spending of 6-7 per cent.

If the growth rate of marketed output now fell to 2-2.5 per cent a year in the typical successful economy and real non-market spending continued to expand at 6-7 per cent, "then a British-style imbalance will begin to emerge in economies which have hitherto achieved balanced growth."

The entire growth of the economy would be creamed off by non-market expansion, leaving no scope for increased private consumption in the market sector. If workers began to pass on the consequent tax increases, as in Britain, investment and the balance of payments would be undermined after a few years.

"Destabilisation will certainly spread if it is not appreciated that when world growth decelerates, public expenditure must advance more slowly also," said Mr. Eltis.

David Freud

Better meat labelling techniques are urged

MOST MEAT is bought and sold wholesale on visual examination alone and rarely does the price reflect any other aspect of quality, Dr. D. N. Rhodes, deputy research director of the Meat Research Institute told the British Association yesterday. He said his laboratory was trying to develop criteria by which meat might be labelled in the shops with a precise description of its quality.

Housewives today purchase mainly on the basis of price and colour choosing the brightest red in lean meat. But colour shows no correlation with eating quality except that it may indicate meat from an older animal if dark red.

Fat, which contains six times as much energy as lean meat and is correspondingly more costly to produce, is rejected by 50 per cent of the population. It is therefore a source of waste. Yet the fat content of meat could now be reduced by breeding, by appropriate feeding, and by using males in place of castrates.

Britain's 'best and brightest' quitting

THE EMIGRATION of Britain's "best and brightest" is costing the UK about £700m a year according to a senior engineering don who delivered a spirited indictment of the policies of successive British Governments.

Professor J. L. M. Morrison Emeritus Professor of Mechanical Engineering at the University of Bristol, chided sociologists who accepted the science of genetics as valid for animals, but suddenly lost their ability to reason when the same science was applied to mankind.

Engineers were by nature constructive. They invented, designed, tested, considered the results as dispassionately as possible and modified in an attempt to improve. Might it not be useful to apply such techniques to society?

Professor Morrison urged his audience to think carefully before cheering over the levelling-down of rewards in our society. If social equality was the aim, what excuse could there be for handing out each month from a Government-sponsored lottery four times as much money as the annual salary of the chairman of ICI "to one totally unmeritorious individual?"

If rewards for merit, application, and time and money spent on study and training were so inadequate, how many potentially brilliant young men would decide it was not worth trying? Of those who did make the effort, how many would stay in the UK?

In the next few decades shortage of talent could complete the UK's transformation into a nation struggling to survive as an industrial society.

UN conference plans attacked

THE AGENDA of the forthcoming UN Conference on Science and Technology for Development was attacked by Professor John Ziman of the University of Bristol for failing to tackle the underlying reasons for the failure of science to transfer its advantages successfully to the developing world.

How was it, he asked, "that so much courageous endeavour by so many talented people should achieve so little, for themselves or for others?"

A stock response was to blame the economic, technical, administrative or educational circumstances in which the research was done. Often they were deplorable, agreed Professor Ziman, but there also seemed to be a "psychological malaise, a misdirection of motivation."

The problem was that scientific research simply did not work unless it was "for real." It could not be cheaply imitated. "It is precisely the combination of originality with critical technical skill that makes it a valuable human activity."

U.S. group wins computer race

BY MAURICE SAMUELSON

TEXAS INSTRUMENTS, a leading U.S. electronics company, has beaten its U.S. competitors in the race to produce the new generation of computer memory circuits.

The new product, a 64K RAM (random access memory), is a ¼ in by ¼ in silicon chip housing 65,536 data storage cells. It is only slightly bigger than the present generation of integrated circuits—the 16K RAM, containing about 16,000 bits of information.

Texas Instruments, in separate announcements in the UK and the U.S., said that volume production would start in the U.S. in the first quarter of next year. By the early 1980s the new circuits would generate more than $250m-worth of business throughout the world from various semi-conductor companies.

The company's plans underline the challenge facing Inmos, the newly-created British memory-making concern, which hopes to win a share of the world market for 64K RAMs. The National Enterprise Board-backed group is not scheduled to start volume production of 64K RAMs until 1981.

By then, Texas Instruments says it will already be into yet another generation of large-capacity memory circuits—the 256K RAM, storing 256 000 bits of information.

Life cycle

Mr. Robb Wilmot, managing director of Texas Instruments' UK subsidiary, said yesterday that the life cycle of the 64K RAM was likely to be less than the expected five-year cycle of the present standard 16K RAM.

Unlike several other U.S. semi-conductor companies, Texas Instruments had no early plans to set up memory-making plants in the UK. It was expected to keep this question under review, though, as competition grew for the British market.

Not many new jobs were involved in the manufacture of the new memory circuits, Mr. Wilmot said. By 1981, the world market for the 64K RAM—an estimated 20,000 devices a year—would require fewer than 1,000 people.

Feature, Page 10

Arrears rising

COUNCIL HOUSE rent arrears at Chesterfield, Derbyshire have topped £100,000 for the first time. Almost 3,500 of the 15,500 tenants owe a total of £104,929—£7,000 higher than in May.

Boeing Vertol plans £36m contracts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING VERTOL, the helicopter manufacturing division of the U.S. Boeing group, is planning to spend up to $72m (about £36m) over the next 10 years in the UK as part of the deal signed this year with the Ministry of Defence whereby the RAF will buy 33 Boeing Chinook medium-lift helicopters.

The total value of the RAF deal is more than $240m, and the offset purchases required under the contract will amount to about 30 per cent of the total.

So far, Boeing Vertol has sought tenders in the UK for up to $15m worth of business from 63 companies, and has signed contracts for over $2m worth of business.

While the airframes and the engines for the Chinook helicopters will be built in the U.S., Boeing Vertol needs a large quantity of equipment and components from British companies, including electronic systems, fire-proof fuel tanks, interior furnishings, transmission systems and other components.

These contracts are being placed on a competitive basis with the UK companies, and Boeing Vertol is laying down strict price, quality and delivery standards.

The U.S. company says that it has already done very good business at the Farnborough Air Show and has made many new contacts with UK companies which it hopes to translate into firm business over the next few months under the offset deal.

Big markets

It also emerged at Farnborough yesterday that British Airways Helicopters, a subsidiary of British Airways, is close to signing a contract with Boeing Vertol for three of the new commercial version Chinook helicopters with an option on three more. This will be worth more than £12m including spares.

British Airways Helicopters will use its aircraft, to be delivered in 1980-81, for its oil and gas industry support operations in the North Sea.

Mr. Charles Ellis vice-president of helicopter development at Boeing Vertol, said yesterday that the company was in negotiation with other potential operators in various countries. It expected eventually to sell up to 25 of the commercial Chinooks for North Sea oil operations and elsewhere in the world. Big markets were also likely to materialise over the next decade in the construction, civil engineering and forestry industries.

The trade days of the Farnborough show are now over and the display is open to the public until Sunday. Over these three days it is expected that well over 1m people will visit the exhibition.

They will have a bonus that has been denied to foreign and trade visitors so far this week when the Concorde makes its only appearance in the flying display at Farnborough on Sunday afternoon. It will make a series of slow fly-pasts along the runway with one touch-and-go landing.

Concorde breakfast flight

BY LYNTON McLAIN

BRITISH AIRWAYS is stepping up its Concorde services with a new breakfast-time flight to New York leaving Heathrow Airport at 9.15 a.m., five days a week.

Flights start on October 29 and will arrive in New York at 8 a.m. local time each day, apart from Tuesdays and Fridays.

The airline said yesterday that the service would get a businessman to New York five hours ahead of any other airline and would enable him to do a full day's work before returning the same day.

Passengers who arrive at Heathrow before breakfast from Singapore, Johannesburg, the Gulf and Bahrain would be able to connect with the New York Concorde flight.

Concorde departures for New York would continue to operate daily at 11.15 am.

● British Island Airways has applied to the Civil Aviation Authority for rights to run international scheduled services from Luton Airport, from April 1. They would fly to Paris and Amsterdam

Dell in U.S. shipping talks

BY OUR SHIPPING CORRESPONDENT

MR. BROCK ADAMS, the U.S. Transportation Secretary, held "private" talks in London yesterday with Mr. Edmund Dell, the Trade Secretary, about shipping.

The meeting, held at Mr. Adams' request, produced no definite result, but is of interest because of his part in forcing through a thorough review of U.S. shipping policy.

The White House maritime policy review was partly a product of Mr. Adams' initiative, though he does not take prime responsibility for shipping affairs in the Carter Administration.

Mr. Dell apparently reiterated in blunt terms Britain's dissatisfaction with the alleged self-contradictions of U.S. maritime law and enforcement, one consequence of which is a Grand Jury investigation into alleged criminal malpractices by a number of European shipping lines serving the North Atlantic.

The talks between the two Ministers took place less than a week before reopening of talks at working party level in the Consultative Shipping Group, a forum involving the governments of 14 countries, including Britain and Japan.

The last round of talks by the group in Washington produced a clash of views between the U.S. and the group members.

It is hoped that next week's working party sessions will pave the way for talks at a more senior level in November.

Teaching hospital may be moved to Tooting

ST. GEORGE'S, the London teaching hospital at Hyde Park Corner, will be closed in 1981 if proposals from the Merton, Sutton and Wandsworth Area Health Authority are accepted.

The aim is to transfer the 250-year-old hospital's services to St. George's, Tooting. The move is part of a programme drawn up in the early 1950s to take London teaching hospitals away from central areas with declining populations.

The authority's consultative document says the transfer should not involve any staff redundancies.

The Hyde Park Corner building would be made available for health or other services. If no use could be found for the building it would have to be offered back to the Grosvenor Estate at its original purchase price because of its status as a Grade II listed building.

Company liquidity at peak level

BY ANDREW TAYLOR

COMPANY LIQUIDITY, as measured by total current assets set against total liabilities, is continuing to improve and stands at its best-ever level, according to the latest survey published by the Department of Industry.

Latest figures show that in the second quarter of this year the liquidity ratio and net current assets of companies replying to the survey were continuing to rise well above the previous peak levels of 1973.

The Department points out, however, that the figures apply only to about 230 of the country's largest manufacturing and commercial groups and do not provide a true guide to the complete financial position of these companies.

In addition, the survey takes into account only loans and advances coming due in the next 12 months and therefore provides merely a short-term picture.

It is the fourth quarter in succession that the survey has shown an improvement in liquidity, although by a smaller amount than in the previous quarter.

Manufacturing sector

At the end of the half-year, the seasonally adjusted liquidity ratio had risen from 132 per cent at the end of three months to 143 per cent, while overall net current assets were up by about £410m over the same period.

However, this improvement masks a decline in the manufacturing sector. Unadjusted figures for manufacturing companies show that, while total current assets rose by £29m, total current liabilities rose by £100m, making a net fall in current assets of £71m compared with the previous quarter's rise of £340m.

A breakdown of the figures shows that bank deposits held by the companies rose again in the second quarter, matching the sharp increases in the previous two quarters. The greater part of these increases has been in deposits to banks other than clearing banks.

Deposits with finance houses and holdings of Government securities rose by about £20m in the second quarter.

Pop by phone

THE POST OFFICE record releases service is reintroduced from Monday after replacement in the summer by cricket scores-by-phone. Callers in London will be able to hear potential hit records by dialling 154. More than 3m calls to the service were made from last September to April. The records are all below number 50 in the Top 75 chart.

Free industry and prosper—CBI

KENNETH GOODING, Industrial Correspondent, reviews the Confederation of British Industry's policy document, Britain Means Business 1978, which will form the background to the Confederation's conference at Brighton in November.

BRITAIN IS on the brink of decisions that will shape its future for years to come. The prospect is not encouraging. Yet sustained national prosperity is possible, says the Confederation of British Industry in its policy document, Britain Means Business 1978.

The document sets out CBI policies for the regeneration of British industry and commerce and will form the background to the second CBI national conference in Brighton on November 6 and 7.

It outlines policies that the CBI has consistently advocated over the past three years.

The confederation says Britain must conquer inflation, "which corrodes the fabric of society."

Inflation cannot be defeated by tinkering with the symptoms. Price and dividend controls are dangerous irrelevances. Lower government expenditure, lower income taxes, firm monetary control and pay in line with productivity are the answer."

The CBI suggests that business should be set free to profit from success. Do not featherbed failure.

There should be an end to over government. "Leave decisions to the market not the bureaucrat. Let people keep more of what they earn and spend it how they want." Productivity must be improved — to contain costs and to make sure that delivery schedules are met.

There should be a united effort to improve wage bargaining to get more freedom and less conflict into non-inflationary pay settlements.

More unity of purpose in business should be achieved through more effective employee participation and a better balanced legal framework for industrial relations.

"These are the policies we need to combat unemployment and to regain our competitive edge in markets at home and abroad. Their aim is prosperity, not for some but for all, not least the underprivileged. They embody the views of practical businessmen. They have been well researched and fully costed. And they will work.

"Taken together they form the basis for creating the kind of dynamic, confident and thriving economy that Britain ought to be and has not been for too long."

The confederation lists some of the "false trails." For example, no planned economy would be anywhere near as free, as flexible and as successful as a market economy.

"The mainspring of business activity is the expectation of profit: productive investment will follow prospects for reward."

Britain could not raise efficiency by taxing success to subsidise failure.

"Britain must become preoccupied more with increasing the national wealth through production and trade and less with sharing it out."

Unemployment could not be solved simply by putting more people on the public payroll unproductively. This merely added to the tax burden on the business sector.

"Equally, unemployment cannot be solved by simply reducing hours and sharing out the work. At a time when our productivity is among the lowest, this would merely make us still less competitive and would cause jobs to be lost."

The confederation repeats its estimate that a 35-hour week, with no compensating reduction in pay, would result in perhaps 250,000 jobs lost in exporting, or import-substituting, companies.

But, given the right strategy, "there is no reason why in the long run Britain should not reach its goal of a high productivity, high output, high real earnings economy."

To do this positive employment policies were required. These must meet three main criteria: they must help the market economy work more efficiently; they should deal with specific problems rather than trying to impose blanket solutions; they should be reversible to reduce the risk of creating artificial shortages as the economy picks up.

"If Britain followed sound economic policies unemployment would be substantially reduced.

"Nevertheless we must recognise for a number of reasons, including the growth in the labour force, technological change and a longer and more careful search for new jobs, the next economic peak may well see somewhat higher levels of registered unemployment than, say, during 1973-74."

"There is no simple cure for unemployment. The only effective long-term solution lies in the pursuit of the policies for defeating inflation and encouraging growth the CBI has consistently advocated. Competitiveness is the key, arising out of a sustained drive for higher productivity in an economic climate in which successful businesses can prosper.

"All this will take time: meanwhile we support active measures to help alleviate the worst effects of unemployment and create new job opportunities. Smaller companies in particular have a major role to play in expanding employment."

The document calls for a restoration of incentives to increase efficiency and urges a £5.25bn tax-cut package by 1981-1982.

This would involve:

● A basic rate of 30 per cent instead of 33 per cent but keeping the lower band on the first £750 at 25 per cent

● A maximum rate of 50 per cent on higher incomes, instead of 83 per cent, with other higher rates reduced

● Higher thresholds and reduced rates for investment income surcharge

● Higher tax allowances and thresholds.

The other elements are capital gains tax to be restructured so that "paper" gains caused by inflation are no longer taxed, and further capital transfer tax relief. Corporation tax should come down from 52 to 50 per cent and for smaller companies from 42 to 40 per cent.

The CBI says it does not propose slashing government spending, merely a stabilisation of policy, above party politics, in the UK and EEC. As the progress of the Industrial Strategy programme the total at a high level over the five years 1976-77 to 1981-82.

"Only thus can we achieve the tax cuts so essential to stimulate effort, enterprise and efficiency and again achieve a more effective balance between the private and government sectors.

What happened after 1981-82 depended on how fast the economy grew.

"We accept a higher level of efficient spending on government services as a longer term aim, but this aim must not be pursued until we have increased the nations wealth through the efforts of trade and industry."

The confederation accepts that there will be some cases in which extra spending above levels indicated in the January 1978 White Paper may be desirable. Britain should therefore look for spending cuts of slightly more than that amount—say £4bn— to obtain the tax cuts needed to get the economy moving and redress the balance between the government and private sectors.

Particular areas for economies included housing and transport subsidies: Government lending to nationalised industries; selective help to private industry; uprating of social security benefits and the £2bn contingency reserve. These involved planned spending of about £6.5bn in cost terms at 1976-77 prices.

"Economies involving policy changes within these areas should make a sizeable contribution towards the total of about £4bn which we believe to be required.

"Policy changes in other areas may also be possible. In addition, it should be possible, within the total of some £60bn, to achieve significant savings by further reductions in waste."

On industrial policies, the confederation insists that when these are stable and consistent and when governments play an arm's-length role, the scene is set for improving efficiency and for prosperous development of trade and industry.

"The CBI's aim is to work for a stable and consistent industrial programme has shown, there is growing support for our arguments. The time is ripe for the politicians to abandon dogmatic positions and give a positive response."

The confederation maintains that the future of pay determination must be a top priority of the next government. Better bargaining structures were needed, with a shorter pay round, greater synchronisation of settlement dates, and a better balance of power between employers and employees. There should also be an improved financial framework in the public sector and appropriate money supply targets.

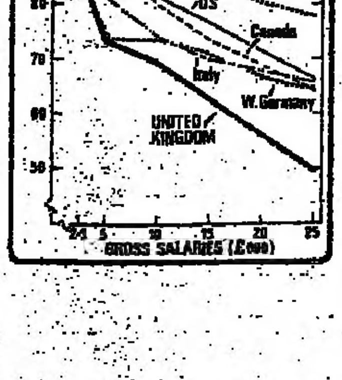
The CBI urges a national forum—possibly an all-Party Parliamentary Select Committee. Its aim would be to influence expectations without setting norms; move some public service settlement dates to the end of the pay round so that the going rate for pay increases is set by the private sector, and a gradual shortening of the pay round to avoid bidding up the going rate.

On industrial relations law, the document says that the priorities are to amend the Employment Protection Act to remove the bias from the terms of reference of the Advisory Conciliation and Arbitration Service (ACAS) and to repeal the recognition provisions.

The confederation also calls for amendment of Schedule 11 of the Employment Protection Act, which provides for claims for pay parity within a district or area. It calls for a review of the practice in other areas where changes in the law may not be required, such as closed shops and picketing.

The CBI concludes: "If world statesmen can agree on policies which will expand world production and trade, the sort of developments in growth, employment, inflation and the balance of payments which we set 12 months ago as objectives for the next few years have a good chance of being achieved.

"If they are, and we make good use of the breathing space afforded by North Sea oil, we shall have gone a considerable way to providing a base for an economic performance during the last 15 to 20 years of the century considerably better than we have achieved since the second world war, and much more in line with that of our European partners."



Britain Means Business 1978. £3.40 from the CBI, 21, Tothill Street, London SW1H 9LP.

Ship group wins 'unique' breakthrough on manning

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE TYNE Shiprepair Group yesterday announced a "unique" breakthrough in manning and hinted that next year it will re-open Greenwell Dry Dock in Sunderland.

Mr. Rab Butler, chief executive of the group, which is part of British Shipbuilders, said the re-opening of Greenwell was part of his corporate plan.

Greenwell was closed over two years ago after a long fight by the 350-strong workforce. It was the subject of a bid by Bristol Channel Shiprepairers, the privately-owned group which led the successful fight against wholesale nationalisation of shiprepair.

Mr. Butler made it clear yesterday that, armed with a new labour agreement, he sees a profitable and expanding future for the Tyne repair group—the largest shiprepair enterprise in Britain.

In return for abandoning certain demarcation restrictions and a year's guarantee of no strikes, the workforce has been promised there will be no redundancies or yard closures before April next year. This is the only no-redundancies guarantee so far publicly given inside British Shipbuilders.

The basis of the new working arrangements was laid down earlier this year when the six trade unions on Tyneside agreed to joint representation through a single, 34-man committee.

This body has negotiated the flexible working agreement and an incentive bonus scheme, which is expected to start next year. It was intended to operate the scheme this year, but it has been withheld following a 16 per cent "fair wages" pay award made to yard workers by the Central Arbitration Committee this summer.

A joint declaration signed by the shop stewards committee says that shipowners can expect "a dispute free, efficient, reliable service" from Tyne Shiprepairers and that "common sense will prevail in all our dealings."

It adds: "We collectively guarantee to all owners, in so far as possible, that the vessels entrusted to our yards will be completed on time and within the price levels given."

Mr. Butler said the group would become profitable next year and forecast a £30m throughput this year, compared with £20m last year.

Thomson staff asked to ignore ballot

BY RAY PERMAN, SCOTTISH CORRESPONDENT

PRINTERS AND journalists are being advised by their unions to ignore a ballot being conducted by DC Thomson, the Dundee-based publishing concern, which is one of the largest non-union companies in Britain.

Questionnaires are being sent to the staff by the independent Electoral Reform Society, which is conducting the ballot on behalf of the family-owned company. It is understood the central issue is union recognition, but the society and the company refused last night to reveal any details.

Thomson's, publishers of the Dundee Courier and the Sunday Post as well as numerous weekly women's magazines and children's comics, has maintained a strongly anti-union stance since the General Strike. At one time it forbade employees to join unions.

Earlier this year there was an unsuccessful attempt by the National Union of Journalists to use employment legislation against the company to win pay increases for its members in Glasgow. It was felt this device would encourage union membership.

Unions, organised in a TUC committee, have also been campaigning for a recognition ballot to be held under the supervision of the Advisory Conciliation and Arbitration Service. Last weekend 200 Thomson employees met to discuss the issue at the Dundee offices of the engineering union.

Reviewed

Opposition to the company's ballot stems partly from the feeling that it will not be genuinely independent and partly from opposition to a letter sent to employees by management. The unions feel the letter constitutes a threat that jobs will be at risk if staff opt for recognition.

The letter, signed by Mr. Brian Thomson, chairman and managing director stopped short of a promise that the company would recognise unions.

It merely said that the situation would be reviewed carefully but that recognition would not be acceptable to the management unless there were certain safeguards, particularly over a closed shop.

The letter went on "It is only fair to say that we believe that it would be in the best interests of the staff to continue on a non-union basis. Otherwise it might be impossible to continue some of the weaker publications and the policy of no redundancies.

Oil workers in dispute taken off platform

MORE THAN 450 workers were being flown off the Chevron group's central platform in the Ninian oilfield last night because of a pay dispute.

It is the second time this year that a labour dispute has affected operations in the North Sea field. In April, 700 men were airlifted from the group's southern platform.

The present row, involving men employed by CJB Offshore, is over payments for the period of an earlier strike during hook-up work on the platform. Chevron said yesterday that the issue was being processed through negotiations procedure.

Work on the platform is likely to be brought to a standstill. If the dispute is not resolved quickly it could delay the start of production.

The 600,000-ton platform was not expected to come on stream before the first quarter of next year.

ACAS 'has too heavy a burden'

By Our Labour Staff

THE AMOUNT of work which the Advisory, Conciliation and Arbitration Service has to carry out during big industrial disputes is disproportionate to its success rate and can create much bad publicity for the service, says Mr. Alan Swinden, a member of the ACAS council.

Quoted in the magazine of Manpower, the international work contractors, to be published next week, Mr. Swinden, social affairs consultant with the CBI, says improvements and extension of collective bargaining could in some cases result in the upsetting of industrial relations. He nevertheless believed that despite its restrictions, the service was doing "a good job"

In the same magazine, Mr. Tony Peers, a company director and former member of the ACAS council, said British industry needed the service, or something akin to it, but that ACAS could not continue unless there were big changes

The terms of reference in the Employment Protection Act charging ACAS with the duty of promoting improved industrial relations should be kept but that of encouraging the extension of collective bargaining should be dropped.

● ACAS has recommended that the National Mutual Life Assurance Society should recognise the Association of Scientific Technical and Managerial Staffs for the purpose of collective bargaining for all full-time staff at the society's head office.

Alfred Herbert deadlock over redundancies

DEADLOCK was reached yesterday in the union-management talks on plans for redundancy of over 700 Alfred Herbert machine-tool workers in Coventry.

Mr. Ron Doughty, the Amalgamated Union of Engineering Workers convenor, said the two sides were as far apart as ever.

The ailing machine-tool company has set a deadline of early October for the bulk of redundancies, which it says are essential if the company is to survive the major slump in the demand for its products.

Mr. Doughty said the management still insisted on compulsory redundancies, and on the sole right to transfer labour from one section to another. It insisted on moving some work away to an outside plant.

Management officials are not yet commenting on the union grievances.

Tyre men may be laid off

THOUSANDS of workers at the Goodyear tyre factory in Wolverhampton face being laid off because of a pay dispute involving 340 men. At a mass meeting yesterday, the workers voted to reject a peace formula put to them by union officials in the dispute over pay and productivity.

Their decision means that a work-to-rule will continue in the factory's vulcanising and final inspection department. This has already cut car tyre production. More talks are planned in a bid to settle the dispute.

Warehousemen may take action

WAREHOUSEMEN AT 20 United Carriers depots throughout Britain plan to meet today to consider strike action in support of seven colleagues at Wellingborough, Northants, who were suspended for refusing to work alongside non-union labour.

Nearly 150 warehousemen at Wellingborough who are members of the Transport and General Workers' Union, have come out on strike over the issue.

Women picket hosiery mill

WOMEN at the Retford hosiery mill of Meritina Hallcroft in Nottinghamshire downed trousers yesterday in protest over pay and claims that they are "treated like dogs"

The 250 women who work on the trouser-making section are calling for the resignation of Mr. Cyril Caddy, the factory manager. The women have set up a rota system for picketing the factory gates and are calling in a representative from the hosiery union.

"The manager consistently switches us from job to job, telling us we are to do it or else. Some of the women are taking home just £19 from a 40-hour week," a woman striker said.

Mr. Caddy refused to comment yesterday.

Volvo strike called off

THE STRIKE by 70 men at the Volvo Concessionaires depot in Ipswich is over.

The men decided at a mass meeting yesterday to return to work this morning and to resume talks with the management. The decision was taken after a Transport and General Workers' Union official warned that the men's action would not get official backing.

Farnborough First Report

The first, fastest and fullest report on the Farnborough Air Show—written while the runways were still warm! Read the facts, figures and expert analyses in:

FLIGHT INTERNATIONAL

September 9 issue out now. 30p.

The Property Market

BY JOHN BRENNAN

The Park West affair

PEACHEY *Property Corporation* is no stranger to litigation. The public battles that attended the departure of the late Sir Eric Miller from its board, and subsequent revelations about the group's financial affairs under Sir Eric's management will not end until the Department of Trade publishes the results of its investigation, and all the legal actions arising from that period are settled.

But Peachey shareholders could now face yet another legal wrangle as the affair of the non-sale of the Park West apartments looks *dangerously close to slipping* into the courts.

Peachey's shares reacted well to the news in May that the Kuwaiti millionaire Mr Mubarak Al-Hassawai had offered £9.9m for the 540 flat Park West complex. John Brown, Peachey's managing director, had made it clear that a sale and reinvestment of the proceeds in commercial schemes would *be a far* faster way of improving Peachey's profits than holding on to the building, accepting heavy refurbishment costs, and revamping the management.

The Church Commissioners' subsequent success in blocking the sale (as freeholder, the Commissioners prevented assignment of Peachey's 117 year leasehold because Mr. Al-Hassawai's purchasing company, Interlec Investment Corporation, had not been formed at the time the assignment was called for) was *described at the time by Lord* Mais, Peachey's chairman, as no more than a legal "hiccup."

The latest stage of the saga is this week's announcement by *Peachey* stating that Mr. Al-Hassawai had "failed to give sufficient information to Peachey to enable it to obtain a licence to assign from the freeholder." And that as a result, "Peachey regard the failure to give sufficient information as a breach of contract by the purchaser."

The building is now back in the hands of Peachey's selling agent, Allsops. But what of Mr. Al-Hassawai's £990,000 cash deposit? It has been placed with Peachey's solicitors, Simmons and Simmons, and this *is where the legal action may* now arise.

Mr. Alfred Young, a partner in the solicitors firm of Gershon, Young and Company, who are acting for Mr. Al-Hassawai, says that on Monday, the day before Peachey's announcement, he sent a letter to Peachey "rescinding the contract on the basis that the sale had not been completed and demanding the money back." So far no *formal* legal action has been taken. But Mr. Young makes it clear that, "We deny Peachey's statement and will *consider taking* legal action for the recovery of the money if we have not received it shortly." By "shortly," Mr. Young means "in a matter of days."

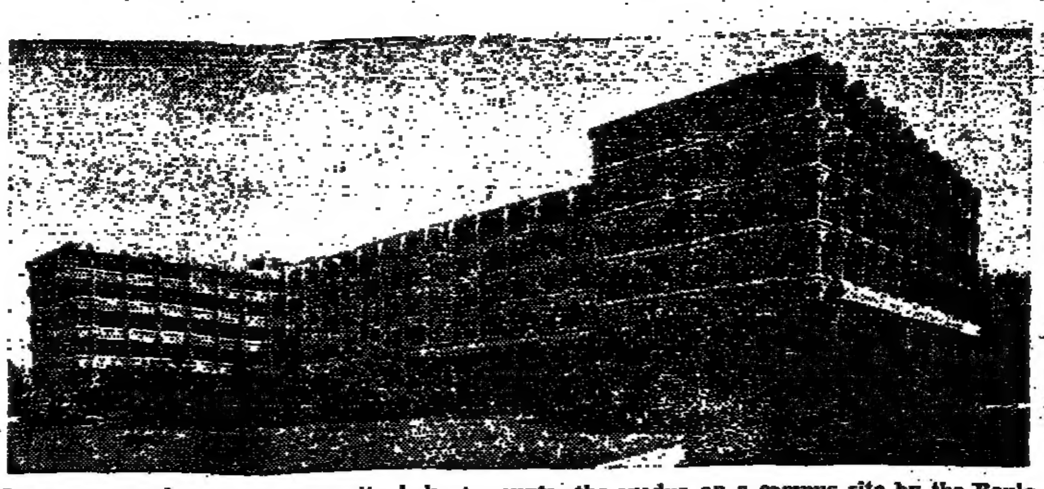
As the affair of the deposit hangs in the balance, the efforts to sell Park West continue. When it was first on the market Mr. Brown reported over 150 *inquiries, and a dozen "serious" potential purchasers.*

Talking this week Mr. Brown reports that many of last time's unsuccessful bidders as well as a number of new potential buyers are showing interest in the building. There are now over 100 vacant flats in Park West, which, as it is just a stone's throw from Marble Arch, is a tempting target for "flat breakers."

Anyone wanting to break the building into individual flat leases would have to buy out the Church Commissioners' *freehold.*

The Commissioners reserve the right not to sell to anyone they decided was "undesirable." But otherwise the freehold is anyone's for £2m.

At that price the Commissioners are clearly hoping for a break-up deal. No purchaser who wants to retain the building as a single investment is likely *to pay that much* to buy out the Commissioner's annual ground rent of just £12,500.



Fears of an exodus of U.S. firms have unsettled the Belgium *office market in recent months.* But within Brussels' 19 non-Flemish speaking Cantons there is little firm evidence of a drift of American tenants.

Mike Nicholson, *of Knight* Frank and Rutley's office in the city, helps to counter the exodus theory with news today of over *43,000 square feet of new* lettings to mainly U.S. companies within Abbey Life Insurance's 144,000 square foot Parc Seny building.

Abbey Life's Parc Seny block, on a campus site by the Boulevard du Souverain to the south-east of the city, was completed in 1975 and fully let by the end of 1976. Abbey then lost two of its key tenants, Viking Offshore Piping and the chemicals group Warner and Lambert, whose departure last year left just under half of the block empty.

Lettings have been now agreed, at between BFr 2,650 and BFr 2,800 a square metre a year (£4.10 to £4.30 a square foot), with advertising agents J. Walter Thompson, who have taken 1,230 square metres: Gardner Denver and Norton and Wright, both taking 250 square metres; Intel International, 1,000 square metres; *Weltab,* 730 square metres: and Cominco, 500 square metres. That leaves 2,700 square metres to fill, 1,700 of which are under negotiation.

Low management *costs helped* attract tenants in what is still a buyers' market for office space users. The air conditioned block costs BFr 640 a square metre a year for services (just *under* £1 a square foot), which is markedly less than average central Brussels charges, and lower than other equivalent space on the city fringes.

Gatwick rents take-off

GATWICK AIRPORT is now growing markedly faster than recent Government forecasts. In its White Paper on air transport, published in February, the Government said that a second terminal at Gatwick would be needed to meet an increase in passenger traffic from 16m to 25m *a year* by 1990. But the British Airports Authority's proposals to transfer more scheduled flights from Heathrow to Gatwick could speed this passenger growth.

The growth of Gatwick may create problems for the planners. But it has provided a sharp spur to the local property market.

Industrial property has been the most active *sector of the* market in recent months. And in a £4m industrial development, Barclaytrust now emerges as financial backer for Old Burlington Estate's eight-acre site at Woolborough Lane, Crawley.

Roger St. John-Hart, who runs the private development group, has spent the past four years assembling this site from 27 separate housing plots and steering it through a series of planning applications and appeals. He has won permission for a 153,000 square foot industrial estate and with letting agents Donaldsons and John Stickley, he is now looking for tenants who can support Industrial Development Certificates and pay around £2.25 a square foot.

Barclaytrust, which was brought to Old Burlington Estates by Anthony Brown Stewart, *would take an initial* yield of just under 9 per cent on its £4m investment at current rents, which have risen sharply since the turn of the year when terms for the financing deal were arranged. In fact, the first four 4,000 sq ft units are understood to be under offer at over £2.50 a square foot. Edward Reeve acted throughout the site assembly and financing period as *Old Burlington's agents.*

Following the sale by private tender to Bowthorpe Holding's 9-acre industrial site by Bernard Thorpe (at a reputed £1.2m), there could be some 100,000 sq ft of industrial space off the Gatwick Road, Crawley, competing for tenants with Barclaytrust's scheme. But funds are clearly convinced that demand in the area is sufficient to absorb more industrial space as Smiths Industries Pension Fund is backing another 20,000 sq ft development in Maxwell Way, Crawley. Bardgrove's scheme is in three units, and Johns and Co. and Donaldsons are asking for rents from £2.40 a square foot.

Any doubts about the need for additional industrial buildings in the area hardly apply to warehousing to judge by the number of sizeable lettings recently agreed. One of the largest follows Rank Xerox's decision to use Crawley as the site for its South London distribution centre.

Xerox, advised by Goddard and Smith, has signed to pay an intial £100,000 a year for Cignet Group's 51,000 sq ft Crawley warehouse estate. Donaldsons, who negotiated the letting, also arranged financing from the Airways Joint Pension Fund for Peter Stait, the Cignet developer.

At Lowfield Heath, traditionally the warehouse centre for airport related businesses Ian Pollard's Flaxyard group has also been pulling in the final tenants on his 150,000 sq foot Gatwick International Trading Estate.

Flaxyard, which is backed here by Sun Alliance, was achieving rents of £1.95 a sq foot on early units in this development. This *summer,* however, rents have been increased to £2.10 and all but 30,000 sq foot is now under offer or fully signed up.

Peter Taylor and Donaldsons act as joint letting agents on the estate, and once that final 30,000 sq foot goes, the only major warehousing space available in Lowfield Heath will be the Water *Authority pension* fund's 200,000 sq foot scheme managed by Jones Lang Wootton.

In Brief . . .

L.C.P. Holdings already runs the largest private industrial estate in the West Midlands, with its 240 acre Pesnett Trading Estate at Brierley Hill near Dudley. *Now the group has added* another 51 adjoining acres to its site, paying a local family trust £650,000 cash.

On the existing site the group earns around £1m a year from historic average rents of 50p a square foot, a third of current market rents. Some 2m sq ft *of buildings provide* work for over 4,000 people on the estate and there is room for another 1m sq ft on the old site. The new land gives L.C.P. the space for a further 1m sq ft.

●

FEW AGENTS can recall a more active summer, and shop property has been one of the most hectic areas of an unseasonally active market. Letting and investment interest in virtually every class of prime shop has been racing along with the upward trend of retail sales. West End agents Taylor Rose provide an extraordinary illustration of the strength of the market with the story of a tiny shop letting last week on Grafton Street, 30 yards from that retail magnet, Old Bond Street.

The agent took just four days to attract a queue of prospective tenants for the former Thorpe and Foster antique shop at 13 Grafton Street. It was offering a 25-year lease, running from 1974, at a rent of £12,000 a year on the shop which has just 540 square feet of street level space and a 300 square feet basement. The rent may be £4,000 or £5,000 below a current open market price, but there is a rent review due in March next year. In the *circumstances* it was the sheer weight of competition for the shop rather than any misreading of discounted cash flow tables that enabled Taylor Rose to take an incredible £40,000 premium on the lease.

●

COMPETITION FOR West End shops grows ever more fierce. But the August edition of Drivers Jonas's *Mayfair* and St. James space survey shows that letting enquiries for offices have fallen off.

The agent reports a 46 per cent fall in the amount of West End offices let in August, to 56,121 sq ft in 30 units. That leaves 286,529 sq ft on the market, 10 per cent less than July.

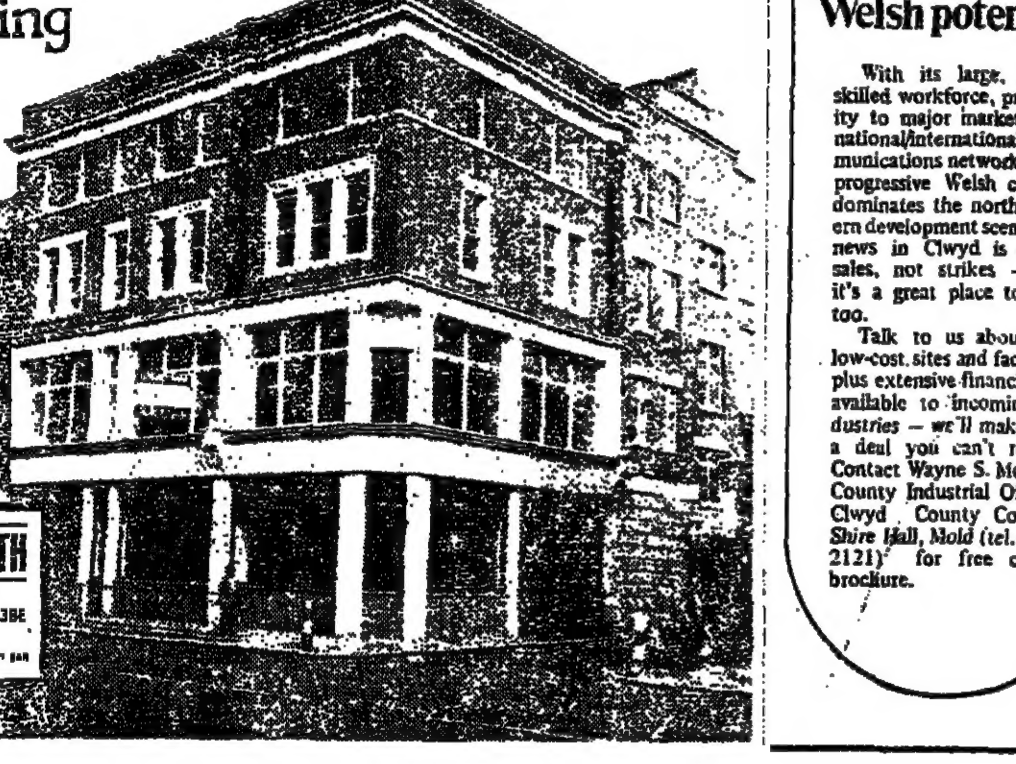
INDUSTRIAL AND BUSINESS PROPERTY

Borough High St. SE1

MODERNISED OFFICE BUILDING

14,365 sqft TO LET

Car Parking



Joint Agents

MATTHEWS GOODMAN & POSTLETHWAITE
72 UPPER THAMES STREET
LONDON EC4R 3UA
01-248 3200

SINCLAIR GOLDSMITH
Chartered Surveyors
9/10 Fenchurch Street London EC3M 3BE
01-623 6644 Telex 28556

Clwyd

at the peak of Welsh potential

With its large, multi-skilled workforce, proximity to major markets and national/international communications networks, this progressive Welsh county dominates the north-western development scene. The news in Clwyd is about sales, not strikes — and it's a great place to live, too.

Talk to us about the low-cost sites and factories plus extensive financial aid available to incoming industries — we'll make you a deal you can't refuse. Contact Wayne S. Morgan, County Industrial Officer, Clwyd County Council, *Shire Hall, Mold (tel. Mold 2121)* for free colour brochure.

K for Industry

BRIGHTON
New Warehouse Units
9,000-43,500 sq. ft.
TO LET—AVAILABLE JANUARY, 1979

CAMBERLEY
10,000 sq. ft. Warehouse
TO LET—IMMEDIATE OCCUPATION

CHELMSFORD
New Single Storey Warehouses
13,800 sq. ft. and 6,600 sq. ft.
TO LET

COVENTRY
New Warehouse/Factory Development
To requirements to 300,000 sq. ft.
Phase I Units from 2,750 sq. ft.
TO LET OR FOR SALE FREEHOLD

READING (M4)
New Warehouse
15,000 sq. ft.
TO LET—NOW READY

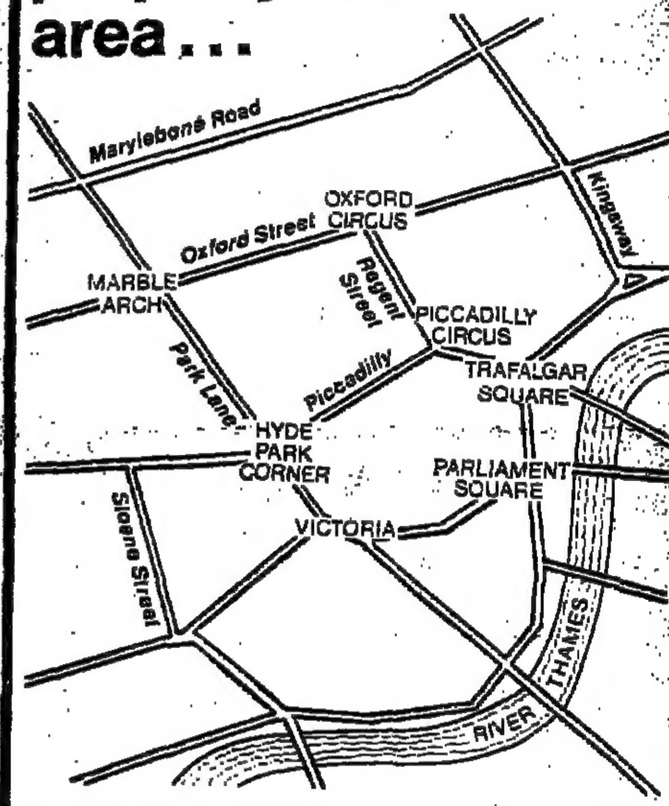
SOUTHWARK, S.E.1
Modern Factory with yard
22,300 sq. ft.
FREEHOLD FOR SALE

SWINDON
New Warehouse
13,400 sq. ft.
TO LET

WEST BROMWICH
Factory/Warehouse Units
To be refurbished/re-developed
10,000-70,000 sq. ft.
TO LET

King & Co
Chartered Surveyors
1 Snow Hill, London, EC1
01-236 3000 Telex 885485
Manchester, Leeds and Brussels

If you are looking for property in this area . . .



speak to the people who know their market on 01-930 9731

DRIVERS JONAS
18 PALL MALL LONDON SW1Y 5NF

Chestertons West End Offices

75 Grosvenor Street. W1X 0JB
01-499 0404

Mayfair, W.1. 8,250 Sq. Ft. Entire s/c First Floor
Air-conditioning. Garage parking. Immediate occupation

Mayfair, W.1. 6,000 Sq. Ft. Entire Building
Lift. Central Heating.
Suitable for Company Headquarters.

Piccadilly, W.1. 1,750 Sq. Ft. Prestige Offices.
Air-conditioning. Telex & Telephones installed plus Director's pied-à-terre.

Euston, N.W.1. 13,500 Sq. Ft. approximately.

Knightsbridge, S.W.3 1,300 Sq. Ft. s/c First Floor Suite.
Modern building. Lift. C.H. Double Glazing.

Cromwell Road, S.W.7. 5,500 Sq. Ft. Entire Freehold Building.
Vacant Possession and immediate occupation.

Various small suites ranging from 500 to 4,5000 Sq. Ft.
at low rents in modernised buildings.

Chestertons Chartered Surveyors
Office property

LONDON WC1
CHENIES STREET
FOR SALE
LEASEHOLD
(FREEHOLD AVAILABLE)
16135 SQ. FT.
COMMERCIAL PROPERTY
SUITABLE FOR VARIOUS USERS
SOLE AGENTS:
A.J. HINES & CO
54 BROOK STREET
LONDON W1Y 2HD
01-493 3841

SHEFFIELD-SOUTH YORKS
FREEHOLD OFFICES
61 MANCHESTER ROAD
A rare opportunity to acquire a prestigious office property, very suitable for a company or group headquarters. Attractive grounds and parking for 17 cars.
Floor area: 4,280 sq. ft.
Auction 26 September, 1978
ELR PAI
Eadon Lockwood & Riddle
Established 1840
6A Campo Lane, Sheffield S1 2EF. Tel: 0742-71277.

16 St. MARTINS LE GRAND EC1

Superb Air Conditioned Offices to let—City of London
17,790 sq.ft. approx

- Imposing entrance hall
- Automatic passenger lifts
- Carpets
- Partitioning
- Acoustic tiled ceiling
- Flourescent light fittings

Letting Agents

MICHAEL LAURIE & PARTNERS
01-493 7050

St Quintin Son & Stanley
Vintry House, Queen St. Place.
London EC4R 1ES
01-236 4040

NEW INDUSTRIAL UNITS — M3 & M4

SPRING ONWARDS

5,000 to 40,000 sq. ft.

PREDESIGNED INDUSTRIAL DEVELOPMENTS

ONE THE RIDGES,
CLOCKHOUSE ROAD, FARNBOROUGH, HANTS.
Telephone: (0252) 513751

FREEHOLD — VACANT POSSESSION

HAMPSHIRE

MANOR FARM, CHILCOMB, NEAR WINCHESTER

An Important Agricultural and Sporting Estate comprising
about 833 ACRES on the chalk
6 Cottages, Farm Buildings
which
MESSRS. JAMES HARRIS & SON
are instructed to sell by Auction in 2 Lots
on Friday September 29th 1978
(unless previously sold privately)

Peterborough
Development Corporation
FACTORIES 3,000-50,000 sq ft
Ring John Case
0733-68931

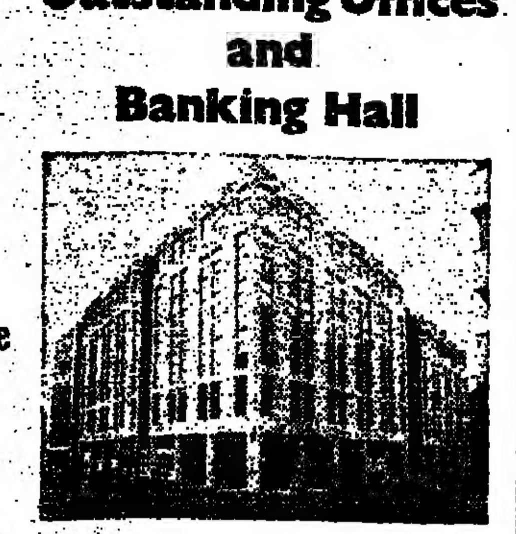
SOUTH LONDON
MODERN INDUSTRIAL COMPLEX
225,000 SQ. FT.
FOR SALE FREEHOLD
Principals only apply Box T.4043, Financial Times, 10, Cannon Street, EC4P 4BY.

طبق الأصل

MANCHESTER

Outstanding Offices and Banking Hall

- City Centre location
- 51,000 sq. ft.
- Variable Air Conditioning
- Carpeted throughout
- Tinted spectra float glazing
- Natural York Stone facing
- Units from 5,000 sq. ft. available



suttons
60 Spring Gardens
Manchester M2 2BR
Tel: 061 832 3103

Preliminary Tender Announcement

HIGHGATE N.6

A DETACHED MANOR HOUSE

Standing in about 1.1 Acres with frontage to Hampstead Lane and facing Kenwood. Offering approx. 6,400 sq. ft. of Floor Area and in 1964 having been granted Planning Permission for Redevelopment with Nine Houses.

FREEHOLD FOR SALE

Owner's Agents:—

Hampton & Sons

21 HEATH STREET, LONDON, NW3 1YB. Tel: 01-794 8222/2253

Build across Britain with Willett

Willett Limited, Mitcham House, 681 Mitcham Road, Croydon CRN 3AP
Telephone: 01-689-2266 Telex No: 946511

43 BERKELEY SQUARE
MAYFAIR, LONDON, W.1

A modernised period office building combining elegance and charm with a practical layout. square 5,345 feet

Lift, impressive entrance and reception, close-circuit T.V. security, fitted carpets, kitchen, dining room, PABX telephones, entryphone, telex.

Immediate occupation with minimum expense. Lease and fixtures and fittings for sale.

JOHN D. WOOD

23 BERKELEY SQUARE LONDON W1
01-629 9050 Telex 21242 Ref: BPFG or JLM

A LAING Development

CHARLTON LONDON S.E.7

Modern Single Storey Warehouse/Industrial Units

10-120,000 sq ft

To Let

Full details from Joint Sole Agents

RUSSELL CASH Ref SHR 01 935 5437 **DONALDSONS** Ref PJML 01 930 1090

CITY OF CARDIFF: DINAS CAERDYYD

TO LEASE

SITE FOR RESIDENTIAL HOTEL SITUATED ON AN INTERCHANGE OF THE CARDIFF INNER BY-PASS (EASTERN AVENUE) WITH DIRECT LINKS TO M.4. MOTORWAY

Further particulars obtainable from:—
City Valuer and Estates Officer,
Terminal Buildings, Wood Street, CARDIFF.
Telephone: (0222) 31033—Ext. 601

city of cardiff

JOHN D. WOOD

HARPENDEN, HERTS

London 28 miles: nearest M1 access 6 miles: nearest A1 M access 7 miles

A rare opportunity to acquire approx. 9,000 sq. ft. gross of OFFICES AND LIGHT INDUSTRIAL SPACE with a long road frontage, the site over-all totalling about 1 acre.

Ample space available for car parking and a possible extension of the premises, subject to planning.

£135,000 FREEHOLD

Further details from Alan Sanders at
66 High Street, Harpenden. Tel: 05827 64343

PENGE SE20

Single Storey

FACTORY

with Offices

14,600 sq. ft.

FREEHOLD FOR SALE

EDWARD SYMMONS & PARTNERS Tel 01-834 8454

56/62 Wilton Road, London SW1V 1DH

CENTRAL LANCASHIRE

(Between M6 and A59)

CLAYPITS AND LAND with TIPPING potential

35 ACRES

OFFERS BY 1ST NOVEMBER, 1978

W·H·ROBINSON

Chartered Surveyors,
79, Mosley St., Manchester, M2 3LP. 061-236 6411.

CLASSIFIED COMMERCIAL PROPERTY

INTERNATIONAL PROPERTY

MIDTOWN

NEW YORK CITY

APPROX. 400,000 sq. ft.

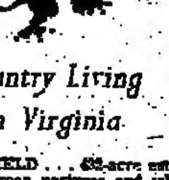
MAJOR OFFICE BUILDING

Offers in excess of US$ 25 million

Hampton & Sons (Ref. RMW)

6 ARLINGTON ST., LONDON SW1A 1RB
TEL: 01-493 8222 TLX: 25341

Our New York representative is in U.K. until September 12th.



Country Living in Virginia

WHISTLEFIELD . . . 650-acre estate of rolling green pastures and white board fencing located in Albemarle County, just west of Charlottesville at the foot of the Blue Ridge Mountains. Improvements include: Brick manor home with slate roof built by craftsmen for gracious living, farm manager's home, studio house, guest house, tenant house, stable, greenhouses, two lakes and paved roads. In a community of lovely properties with mountain vistas in all directions, Whistlefield is a complete private domain with easy access to major highways. $725,000.

TRAPAX . . . 670-acre agricultural unit on the historic James River in the lovely countryside between Charlottesville and Richmond. Three residences, five lakes, 375 arable acres, new grain bins, views of the James River valley, and extensive frontage on two State roads. Farm machinery included. $850 acre.

For information on these or similar farms and estates, write or telephone:

FRANK HARDY, INC.
FARM AND ESTATE BROKERS
INTERNATIONAL
05 PARK STREET,
CHARLOTTESVILLE, VA. 22901
804/295-0134

NEW YORK CITY AREA

US firm with several large parcels of land zoned for apartments, shopping centre, single family residence, would like to sell or joint venture one or more of these projects.

Contact:
Wm. R. Ponsoldt, 9200 So. Dadeland Blvd., Miami, Fl 33156
and please bill our European subsidiary Erie Controls Europ, Wolfstee B 2410 Herentals Belgium.

NEED SPACE TO EXPAND?

TAKE THIS SPACE FOR A START!

If you are seeking—or selling—office space, business, commercial or industrial property, this is where to get good results at a reasonable cost. For as little as £3.75 per line, these columns place your advertisement in front of the most widespread business audience in Europe, in a business environment where decisions are made. To start things moving now, contact Diane Steward on 01-248 5284 (ext. 252).

FOR INVESTMENT

INDUSTRIAL INVESTMENT

OFFERS IN EXCESS OF £38,000 are invited for the Freehold of APPROX. 5,500 SQ. FT. of Industrial Property in LONDON E.14. Income £5,000 p.a.

Secured on a Lease from a Public Company.

01-402 2126

FLORIDA

Comercial Investment Properties Available, $100,000/$10m.

English S.C.A., M.B.A. Real Estate Broker, Licensed Securities Dealer. Resident Miami.

Partner Resident London:—
C. R. Collinson FCA, MBA,
58 Brompton Square,
Knightsbridge, SW3.

FLORIDA PROPERTIES

INVESTMENT, INCOME, COMMERCIAL, RESIDENTIAL

Struble Realty Inc., Realtor, 4799 N. Federal Highway, Boca Raton, Fla, 33431. Tel: (305) 392-9012.

SHOP with Living Accommodation on two upper floors plus cellar. Prime position centre Glastonbury. Full repairing and insuring lease at £1,700 p.a. Rent review July 1980. Freehold £16,000. Best, Walford Cross, Taunton. Tel. 23412468.

HEREFORD CITY OUTSKIRTS. Access to A4103 Worcester/Hereford/Mid Wales road. Superb 2½ acre site with remains of Georgian residence formerly used as hotel. Ideal for development as hotel, motel, country club, sports club or other institutional purposes. Offers invited. Ref. JRH. Full details from Stooke, Hill & Co., 23 King Street, Hereford. Tel. 67511.

BUILDING LAND AND SITES

ST. ALBANS

Site near city centre and station, with detailed consent for 3,500 sq. ft. offices. Scope for extension. Possible hotel consent (15 rooms).

Offers in the region of £30,000.
Box T.4988, Financial Times,
10, Cannon Street, EC4P 4BY.

SHOPS AND OFFICES

By Order of the Liquidator,
off FENCHURCH STREET, E.C.3.
PRESTIGE SUITE OF OFFICES
Lease rental £7,769 p.a. Plus service charge £340 per quarter, complete with all furnishings £10,000.

By Order of the Liquidator
PRESTIGE SUITE OF OFFICES OF 4 ROOMS
LLOYDS AVENUE, E.C.3.
Complete with all office equipment of a high executive standard including Conference Table, Office Desks and Chairs, Electric Typewriters, Filing Cabinets & Telex already installed.
Lease Rental £7,769 p.a.
Service Charge £1,360 p.a.

Particulars from:—
P. W. Silverstone,
210/212 Brick Lane, London E1 6SA.
Tel: 01-739 3764/5

BELGRAVIA S.W.1

2 SUPERB OFFICE BUILDINGS

FOR SALE
2,750 SQ. FT.
AND
4,000 SQ. FT.

Apply for details:—
STUART NEILS & CO.
01-935 9503

BASINGSTOKE

A MODERN FREEHOLD INDUSTRIAL UNIT SHOWROOM AND OFFICES

22,700 sq ft on 0.95 acre site Close M3

SCAMMELL & SMITH
8 High Street, Eastleigh
Tel: Eastleigh 612201

CROYDON

3,000 sq.ft. s/c Office Suite

£5 p.s.f.

Henry Davis & Co.
101 New Bond St.
London W1Y 9LG
Tel: 01-499 2271

BRIGHTON
PRIME SHOP

Multiple position. D/F unit. Basement sales, very large open plan upper part.
LEASE FOR SALE

ERIC MARCHANT & CO.
51/53 CHURCH ROAD, HOVE.
TEL: 0273 71383

BARNES. 1,450 sq ft. Excellent Offices from Professional Firm. 01-876 9358.

ISLE OF MAN. 3,000 sq. ft. of office and storage to let. Recently refurbished. Write Box T.4949, Financial Times, 10, Cannon Street, EC4P 4BY.

ORPINGTON HIGH STREET. 1st Floor Office Suite 1,152 sq. ft. New building with lift, central heating and parking. Agents Baxter Payne & Lepper, Chartered Surveyors. Tel. 01-464 1181.

HAARER & GOSS Value, Sell and Manage Commercial Property. 33, Princesshay, Exeter 51171.

OFFICES. 9,000 sq. ft. close Heathrow, ready for occupation 6/8 months time, prestige accommodation with parking. Write Box T.4947, Financial Times, 10, Cannon Street, EC4P 4BY.

FACTORIES AND WAREHOUSES

MERTON SW19

FACTORY/WAREHOUSE

21750 SQ. FT.

TO LET

Hampton & Sons

01-493 8222

ROMFORD

FACTORY/OFFICES

30,970 sq. ft.

(might divide)

TO LET

KWF Kemsley Whiteley & Ferris

10 WESTERN RD., ROMFORD.
Tel: Romford 44174

SMITHS GORE
CHARTERED SURVEYORS

West Sussex Near Petworth

TWO ATTRACTIVE FARMHOUSES

with Land
and

A PAIR OF FORMER ALMSHOUSES

For Modernisation and Conversion
For Sale by Auction in Lots
on 12th October, 1978

Vacant Possession upon Completion

For Sale Particulars (Price 50p) Apply in writing with payment to:—SMITHS GORE, The Estate Office, Petworth, West Sussex, GU28 0DU.

Nr. CANNOCK STAFFS

CHASE PARK INDUSTRIAL ESTATE
LAST REMAINING MODERN
INDUSTRIAL/WAREHOUSE UNITS—TO LET

3,000 sq. ft. to 25,000 sq. ft.
* Cranage facilities * Moderate Rent
M6 Motorway 4 miles
EDWARDS BIGWOOD & BEWLEY,
78 Colmore Row, Birmingham B3 2HG.
Tel: 021-236 8477 (Ref. RDS)

SALES BY AUCTION

CONVENT OF MERCY, CHISLEHURST. Victorian Mansion set in 2.1 acres. Freehold for Sale by Auction. 15th Sept. 30 bedrooms, 9 reception rooms. Suit a variety of uses. Harman Healy & Co., 14 Roger St., London WC1. 0-405 3581.

COMPANY NOTICE

BANK LEUMI LE-ISRAEL B.M.
(Incorporated in Israel)

TO THE HOLDERS OF ORDINARY STOCK

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Bank will be held at its Registered Office, 24-32 Yehuda Halevy Street, Tel Aviv, on Sunday, 1st October 1978 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions as Special Resolutions:

SPECIAL RESOLUTIONS

(A) That a sum of IL.297,188,393 out of the Share Premium Account be appropriated to a reserve for the proposed distribution of Capitalisation Shares.

(B) That the total of IL.297,188,393 thereafter standing to the credit of the said reserve for the proposed distribution of Capitalisation Shares be and the same hereby is capitalised and freed for distribution amongst the holders of Special Voting Shares and of Ordinary Stock whose names appear on the Register of Members at the close of business on 8th October 1978 (hereinafter "The Record Date") and that the Directors be and hereby are authorised and directed to appropriate the said sum of IL.297,188,393 to the said holders of Special Voting Shares and Ordinary Stock respectively in the proportion of IL.1 for every 5 of the Special Voting Shares and for every IL.5 Ordinary Stock then held by them and to apply the said sum of IL.297,188,393 on their behalf in paying up in full Ordinary Shares of IL.1 each for allotment and distribution as fully paid up to and amongst such members in the proportion aforesaid, fractions being aggregated and sold and the proceeds thereof remitted to the persons entitled thereto. The Shares to be allotted as aforesaid shall not entitle their holders to participate in the Interim Dividend on account of 1978 declared by the Directors on 3rd September 1978 but, save as aforesaid, shall entitle their holders to participate in all dividends or other distributions declared or made subsequent to the said 3rd September 1978.

A member entitled to attend and vote at such Meeting may appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

By Order of the Board.
A. SULLAM, Adv., Secretary.
8th September, 1978.

PROPERTY DEALS

New England for Dutch funds

DUTCH funds have taken their second major step into the British property market this week with the creation of two new companies, New England Estates and New England Developments.

In June, I was able to report that the Dutch construction and finance group Bredero had not only won the contract for the £25m to £30m Aberdeen central redevelopment, but had also beaten John Laing, Taylor Woodrow and the Post Office Pension Fund to the Epsom town centre development. Now, the Dutch housebuilding and commercial development property group, Holland-West Vast Goed BV, has poached Ian Percy from Martin Cohen's Teesland Estates to set up the New England group.

Last Friday Mr. Percy quit as Teesland's deputy managing director and set up in Newcastle upon Tyne as Chairman and Managing Director of the new companies with a 40 per cent equity stake. Mr. Percy is initially concentrating on £½m to £1½m projects in the North and Scotland. With the Dutch banking and longer institutional financing that made possible Holland - West's continental schemes ready to put Guilders into UK developments this appears to be the birth of an interesting new property operation.

●

FARROW Property Developments has now completed the sale of its 75,000 sq ft Cowley Mill Trade Estate at Uxbridge to Sun Alliance. The insurer paid around £1.75m.

Sun Alliance agreed to forward purchase the scheme during the construction period last year. Conway Relf, Farrow's letting agent, achieved average rents of £2.10 a sq foot giving the fund an initial rent roll of £157,000 a year. Sun has also agreed to forward purchase Farrow's 102,000 sq foot scheme on the former Associated British Foods bakery site at Pasadena Close, Hayes, Middlesex. Richard Ellis will be marketing first phase units from next February.

●

GALLAHER PENSIONS made its first foray into the property investment market just three years ago. Now Chestertons, the £60m fund's retained agents, have managed to bring the Gallaher portfolio in sight of its target of 40 per cent. of total invested funds.

Forward development commitments make up a sizable proportion of the fund's property holdings as institutional competition for ready-made office, industrial and agricultural investments has become increasingly fierce. The strength of that competition is reflected in a £1.2m deal completed last week where the fund bid down to an initial return of 5 per cent for a Hounslow office block.

Viking House, between Hounslow Central station and the town centre, was developed by Clifford Lawrence's Gabriel Securities and completed earlier this year. Amdahl (UK), the British arm of the U.S. computer group, moved into half of the 8,400 sq ft offices in the summer and will complete its move into the whole of the accommodation on Monday. Amdahl has taken a standard 25 year lease at an initial rent of £62,200 a year. It holds an overriding lease on 6,000 sq ft of bookshop space sub-let to the original site occupier, the Cromwell Bookshop, which pays a peppercorn rent for the next 40 years.

Russell Cash acted jointly with Chestertons on the purchase.

●

LADBROKE GROUP'S London and Leeds subsidiary has sold the first two stages of its Stadium Industrial Estate at Luton to Colonial Mutual Life Assurance for £1.25m. London and Leeds built 85,000 sq ft of industrial space on the site in 10 units. All are now let and the estate as a whole produces £117,000 a year giving Colonial Mutual an initial yield of 9 per cent. Grant and Partners acted for Ladbroke, who will complete their 40,000 sq ft third phase at Luton by the winter. Knight Frank and Rutley advised the buyer.

Kurt Kilstock, managing director of Ladbroke's property arm, is currently stepping up his search for new development sites and has just found one in Nottingham. He has paid the Goring Estate and Property Company £450,000 for a 12½-acre site at Ruddington Land, Wilford.

Plans for a 223,000 sq ft estate are expected to bring the completed investment value to around £4.5m on the basis of current local rents of £1.50 a sq. ft. Work is starting on a 62,500 sq ft first phase due for completion in the spring and Grant, along with Nottingham agents Walker Walton Hanson are now marketing factories ranging from 2,500 sq ft nursery units to 11,000 sq ft blocks.

●

INDUSTRIAL developments are only one of Ladbroke's property interests. On top of recent housing land purchases bringing in 15½ acres in Bristol and Swindon (space for 130 houses) the group has just won the Church Commissioners' tender for building land on the former Old Saints Church site by Lord's Cricket Ground in London's St. John's Wood.

The four highest tenders all ranged between £700,000 and £710,000, with Ladbroke winning a photo-finish for the land which is suitable for 35 luxury flats. Ladbroke plans to build on the same basis as its Hyde Park Tower flat's scheme where 62 flats are being bought on a deposit and stage payment basis through agents Hamptons. Hamptons will also handle the sale of the St. John's Wood flats, where the Church was represented by Willowcross.

J B.

A FINANCIAL TIMES SURVEY

OFFICE RELOCATION

The Financial Times is planning to publish a Survey on Office Relocation. The provisional editorial synopsis and date are set out below.
Date: Friday 20th October

INTRODUCTION Environment Secretary Peter Shore is proud of having reversed the so-called "engines of exodus" which have produced a massive outflow of jobs and people over the past two decades. But with the expansion of business confidence (and rent levels in central London rising again) companies are increasingly looking at relocation. How far, therefore, can Government policy be resolved with company intentions?

GOVERNMENT STRATEGY: THE LOCATION OF OFFICES BUREAU It is over a year since probably the most successful "engine of exodus"—the Location of Offices Bureau—was given a new role by the Government. How has this affected LOB and what success has it had in its new role?

GOVERNMENT STRATEGY: ATTRACTING THE MULTINATIONALS Part of LOB's new role is to attract international office investment to the U.K. What are the attractions of the U.K. for multinationals and what factors determine where they site offices?

GOVERNMENT STRATEGY: THE INNER CITIES The Government's success both in attracting multinationals to the U.K. and persuading companies to stay in the cities depends very much on its ability to achieve a regeneration of the inner cities. But is it now too late for such a policy to work?

GOVERNMENT STRATEGY: DISPERSAL At the same time as trying to keep offices in London, the Government is still pressing ahead with its plans to disperse over 30,000 civil servants by the mid-1980s. Where are they due to go—and what does this mean for office rents in these areas?

THE BUSINESS OF MOVING: RENTS With business confidence increasing, rent and other office costs are set to rise. The current position on rents and accommodation costs in London and how they vary throughout the country.

THE BUSINESS OF MOVING: ADVICE AND COSTS What help is available from the Government and other sources to smooth the relocation of offices? Where to go to for advice, how to plan a move and the importance of keeping employees informed.

THE BUSINESS OF MOVING: CASE HISTORIES A look at companies who have made successful—and not so successful—moves. What problems did they find and what would they do differently next time?

WHERE TO GO: SCOTLAND The oil boom has stimulated industry in Scotland—but has it attracted new offices as well? The trends of office relocation from Glasgow.

WHERE TO GO: NORTHERN ENGLAND Can the North attract new office development away from the South? And will new office development balance the traditional reliance on manufacturing?

WHERE TO GO: SOUTH WEST Bristol and the South West have long been among the most popular areas for relocation outside the South East. But has this forced rents up and increased commuting and other costs?

WHERE TO GO: LONDON AND THE SOUTH EAST Where to find the best office sites within the London areas. And are there still prime sites available in the South East, where over half the commercial office floor-space in England and Wales is already sited?

WHERE TO GO: THE MIDLANDS The Midlands has also proved a popular area for relocation. Its attractiveness has been enhanced by improved communications, particularly motorways.

For further information on advertising rates in this Survey please contact: Cliff Caunter
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext. 234

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPONENTS

Texas takes a world lead

FIRST Western group to unveil a fourth-generation computer memory likely to provide an immense fillip to the performance of computers of all types from the largest to the micros, Texas Instruments in a world launch yesterday showed that its design had the simplicity required for the basic memory element to be incorporated into very large arrays.

The company is not first into the market, but Fujitsu which some months ago disclosed that it had a 64-k memory, has designed it in such a way that two power supplies are required while the Texas design needs only one five volt feed.

Sample quantities will be available very soon and full production is expected to begin in the U.S. plants in the first quarter next year using electron beam production of photographic masks to control geometrics to better than 0.25 micron, followed by projection printing on the silicon wafer to avoid contact between mask and metal and thus possible damage.

In other words, Texas is using state-of-the-art production technology as a matter of routine and its competitors, in this immediate area, Intel and Mostek, must have been following roughly the same lines of development and be using the latest techniques since they are both supposed to be cantering down the home straight towards the 64-k production line.

Production lag

Where the development leaves the NEB-backed Inmos venture, which cannot start to contemplate any approach to production till its legal problems with the above-mentioned Mostek are sorted out, is hard to say. If Inmos cannot start production for three or four years, it will have possibly six major companies ahead of it, feeding into all world markets, and with the experience of that many years of large-scale manufacture under their belts. But since it is also impossible to say where the forthcoming election in Britain may leave Inmos, the question may well be academic.

Meanwhile, it will be remembered that three large computer companies recently announced machine improvements based almost entirely on moving to 16-k memory elements. These improvements were significant both as to machine size and to performance as well as the reduction in heat dissipation and thus the need for air cooling.

This gives some idea of what larger memory elements can mean to users. But at the same time, for makers and users of minicomputers and micros, the *bigger memory cells spell simplifications* in writing operating routines or software which are of very great importance, particularly for the micro where software has proved far more of a barrier than anyone had bargained for.

Outside U.S.

It is a moot point whether Texas will ultimately produce this memory unit outside the U.S. In general, the big component makers have not been all that keen on transposing a delicate production process elsewhere, particularly one on which so much world attention is focused at the moment.

But rapid growth in demand from Europe might make it tactically attractive to manufacture in the EEC, whereupon Bedford would be a likely site.

The device in its present form is presented in a 16-pin package with an access time below 150 nanoseconds, a cycle time of better than 250 nanoseconds has a maximum power dissipation of 200 milliwatts.

The memory cell area has been decreased to almost one-third of that of the preceding product, the 16-k memory with which it is compatible. The same amount of memory can be put on a circuit board only one-quarter the area compared with its predecessor.

Texas now leads the world components industry in several important areas of solid-state memory, with the largest non-volatile ROM, static RAM, bubble memory—a 256-k device was announced a few weeks ago, an now the 64-k dyamic RAM.

Further from Texas at Manton Lane, Bedford MK41 7PA. Bedford 67466.

● OFFSHORE INDUSTRIES

Vickers in deep water

EXTENSIVE trials which end today on the Kyle of Lochalsh, in Scotland, have demonstrated the success of a method devised by Vickers-Intertek to provide a safe and more economical way of carrying out work on seabed installations.

The Neutrabaric system, which allows divers to operate in comfort at pressures equivalent to atmospheric, has been under observation by experts from the UK, Norwegian and American oil companies which sponsored its development. The trials involved installation of a wellhead chamber at 80 feet and 400 feet depths on a dummy wellhead.

A Vickers Oceanics submersible, shown in the adjacent photograph successfully latched on to the chamber and men transferred from it to the wellhead enclosure for typical work.

On several occasions, the work was carried out with the pressure at atmospheric which means that the working environment was safer and easier to operate in.

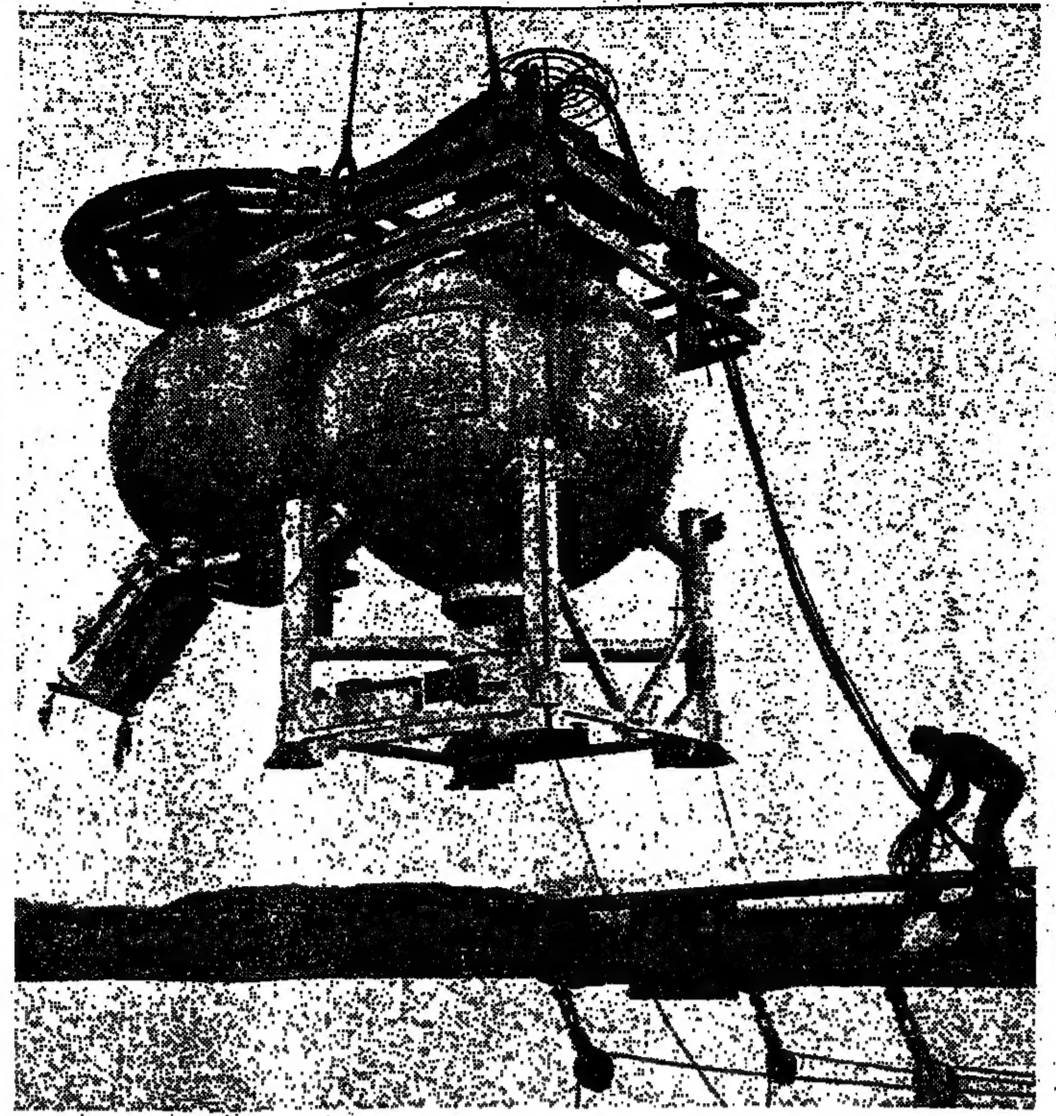
Pressure chambers employed in the system have been tested, inspected and certified by Lloyds Register.

No problem areas were identified during the trials and the company reports that both capital and installation costs are favourable while operating costs will be reduced because of the speed and ease with which wellhead work can be carried out. This implies shorter wellhead downtimes and has considerable significance in plans for exploration and exploitation in deeper waters.

Vickers points out that the chambers provide a *degree of* protection to seabed equipment against accidental damage as well as a method of containment in the event of an oil escape.

The company has laid plans to market the system worldwide and expects firm orders in the next few months.

Vickers, Millbank Tower, London SW1P 4RA. 01-828 7777.



The Vickers-Intertek diving chamber assembly during trials.

Vessel has a new role

A FORMER stern trawler in the Ocean Inchcape fleet is now called the "Oil Endeavour" following its conversion to a diving support vessel by equipment from GEC Electrical Projects, Broughton Road, Rugby, Warwickshire CV21 1BU (0788 2144).

The 1,500 tonne ship now has the addition of a moonpool (a large hole cut through the centre of the hull through which a diving bell can be lowered to the sea bed), and surface and saturation diving facilities.

It is fitted with a dynamic positioning (DP) control system (designed, supplied and commissioned by GEC) which uses either an underwater acoustic system or a *line-of-sight* radar to measure the movement of the vessel. This information is fed into a GEC 2050T mini computer, *specially toughened for marine* service.

The underwater acoustic system is a short base line type with four stalk-mounted hydrophones in a rectangular array. The radar is of the range-bearing type with two almost identical stations: one mounted on the ship's mast and the other located within line-of-sight at a fixed point remote from the ship.

In addition to its normal fully automatic mode of control, the DP system also provides joystick control as an alternative. A duplicate totally independent back-up joystick system has also been supplied, using a second GEC 2050 T computer, and separate thruster serves.

● SECURITY

Fooling the car thief

ROLLS-ROYCE, Mercedes and *the Peugeot/Citroen Group*, among others, are understood to be evaluating an anti-car theft device developed in France by the Matra organisation, one of the European leaders in military electronics.

Available in the UK from Referbest, which has called it the Black Box, the unit has been designed in such a way that it needs no keyholes or mechanical locks, is not sensitive to wind rock and uses electronic components of the highest reliability.

Concealed sensors whose position is known only to the owner alert the system magnetically and there is a *false* sensor which adds a further degree of protection.

Any attempt to gain access to the car or switch on any part of its electrical system will cause the horn to sound and the lights to flash, while the ignition circuits will be made inoperative.

D-I-Y is no problem and the body shell does not have to be drilled. Activation is simplicity itself—the placing of a magnetic *key in proximity to the appropriate* (invisible) sensor. Deactivation takes place in the same way. A decoy *sensor* is placed near the off switch.

The equipment can be transferred to a new car.

Developers claim *this device* is undetectable and that Black Box is the most sophisticated protection equipment yet devised.

With 500,000 break-ins to vehicles in the U.K. each year, it should find a ready market.

Referbest, 15 Sheffield Terrace, London W8 7NG. 01-994 6744.

● ASSEMBLY

Guide in a wiring labyrinth

COSTS OF wiring assembly, inspection and testing operations may be cut by as much as 50 per cent using a microprocessor-controlled wiring aid operable by semi-skilled staff.

Hellermann Electric, which has had the equipment developed by Retail Control Systems, says the unit is suitable for use on any wiring assembly where the majority of wires terminate at multi-way connectors, and that it relies on a patented proximity method to identify individual wires.

It accelerates wiring work, makes it more accurate and can help beginners to produce perfect work.

Every wire is positively identified without stripping or tagging, prior to connection. Every connection is tested for continuity and shorts and all operations performed in the right sequence.

Included in the equipment is a data unit which can be used to create and edit wiring and testing instructions. This commands a control unit which automatically reads the information recorded on the data unit cass... Instructions are provided ... video screen and a hand... probe *identifies, locates* and ... the wires.

In operation an instruction ... the screen could tell the user ... select a wiring harness and ... nect it to the equipment (cal... Theseus). The second ... tion could be to locate wire ... 1 and connect it to a given ... As the probe nears the requi... wire an audible signal incre... in volume. Once the connec... is made, the probe is touched ... the connection point and Thes... checks for continuity. ... faults would be shown on ... screen and only when these ... been corrected would the ... instruction be displayed.

Hellermann believes the ... will be a potent aid in ass... ling the most complex harn... It operates from Penn... Close, Plymouth, De... PL2 3NX. 0752 701261.

BEARINGS Koyo
quality delivered on time

● CONSTRUCTION

Passenger lifts

THE OPTION of a completely self-supporting steel structure as an alternative to a brick well is one of the advantages offered by the latest range of passenger lifts, available with electric or hydraulic drive, from Oakland Elevators, Mandervell Road, Oadby, Leicester LE2 5LL.

The prefabricated unit ... struction enables easy trans... to site, says the maker, and ... structure carries all the p... cipal loads which are transfer... to the base of the pit. Cladd... is normally sheet steel or ... resistant material although ... cladding can be used a... installation.

The lift car has been ... within a frame of steel sec... and various interior finishes ... offered.

BE
Bifurcated Engineering

PRECISION RIVETING SPEEDS PRODUCTIO...

Few if any, know more about riveting technology than the manufacturers of the world-famous 'Aylesbury' range of rivets, special cold formed par... setting machinery and other labour saving equipmen... Whatever your requirements the BE Group membe... offer a service of unequalled quality and reliability. Shouldn't you be keeping abreast of the latest developments?

Send today for
The Guide to the BE Group

Group Head Office,
Bifurcated Engineering Ltd.,
P.O. Box 2, Mandeville Road,
Aylesbury Bucks HP 21 8AB
Tel Aylesbury (0296) 5911. Telex: 83210.

A source of energy that will last for 300 years.

At the present rate of production, Britain has proved coal reserves which will last at least 300 years.

This puts Britain's Coal Industry in a strong position alongside strictly limited oil and gas supplies, and the continuing development of nuclear power. With this assured energy supply, based on coal, British Industry can plan ahead with confidence.

The benefits of being the EEC's biggest coal producer.

Britain already has the biggest mining industry in the Community, producing as much coal as the rest of the EEC put together. To replace Britain's present coal output with imported oil would worsen Britain's balance of payments by £5,000m a year. This makes coal good for Britain as a whole.

Vast modernisation programme.

To ensure that these huge reserves are available when needed the NCB, under its "Plan for Coal," is already investing heavily in developing new collieries and in expanding existing pits.

We are still proving coal reserves in Britain four times as fast as we are using them. Selby, the biggest new coal project, will produce 10 million tons of coal a year. This and other new mines are keeping British coalmining in the forefront of mining technology.

Ever heard of a fluidised bed?

Britain is also taking a lead in the technology of *using* coal. Fluidised bed combustion is a new method of burning coal in industrial plant. These boilers should cost less than conventional plant and need less space. This method, in which coal is burnt in a bed of ash or sand and which is 'fluidised' by passing air through it, offers substantial advantages to those considering new industrial boiler plant.

New ways to keep coal on the move.

There have also been spectacular advances in coal and ash handling techniques. For example, compressed air is now being used to push coal through a pipeline from bunker to boiler and ash from boiler to storage silo. The system is completely enclosed and dust free, silent running, needs little maintenance and is cheap and simple to install.

Problem-solving is our business.

Coal benefits all sorts of customers. With District Heating, coal fired plant supplies heating and hot water to whole communities. Individual users, from the biggest power station to quite small industrial plants and individual homes, can benefit from the new knowledge and equipment on coal burning.

There's an enormous amount of know-how concentrated in the NCB Technical Service, covering all aspects of the efficient use of steam and hot water heating. If you need advice on making the best use of your existing plant, information on new equipment and techniques, how much new equipment costs and what savings it can give, ask the NCB or your Industrial Fuel Distributor. Expert help is available.

The NCB has a new brochure which tells what coal has to offer you now and in the future. There are also new technical booklets dealing in more detail with all designs of industrial coal-fired boiler houses.

If you would like copies, or would like a technical expert to talk over your heating needs, write to National Coal Board, Marketing Dept., Hobart House, Grosvenor Place, London SW1X 7AE, or ring 01-235 2020.

Doing Britain and British Industry a power of good. NCB

BOOKS OF THE MONTH

Announcements below are pre-paid advertisements. If you require entry in the forthcoming panels application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, E.C4P 4BY. Telephone 01-248 8000. Ext. 7064.

Computer Systems: a basic guide for managers
S. M. St. John
A new booklet in the Management Information series sets out the principles for user managers to bear in mind when working with computer professionals to introduce new computer systems.
The Institute of Chartered Accountants in England and Wales £1.25

Auditing Standards: From Discussion Drafts to Practice
Frank Attwood and Clive de Paula
This specially written commentary on the new Discussion Drafts provides practical illustration of how audit procedures may be tailored to measure up to the standards proposed. An essential reference work for practitioners and students.
The Institute of Chartered Accountants in England and Wales £6.95

An Audit Approach to Computers: A New Practice Manual
Brian Jenkins and Anthony Pinkney
A new edition, enlarged, rewritten and revised as regards advanced systems of processing and audit techniques. An indispensable handbook for practising accountants, internal auditors, managers, auditors of computer or audit personnel and students.
The Institute of Chartered Accountants in England and Wales £11.95

Professional Practice Insurance
W. H. Batchelor
No. 2 in the "Practice Administration" series, this third edition has been completely rewritten. It covers professional indemnity insurance, professional office insurance, practitioner and employee benefit insurance and motor cars.
The Institute of Chartered Accountants in England and Wales £1.95

The Growth and Impact of Institutional Investors
Professor R. J. Briston and R. Dobbins
This report appraises the influence of institutional investors and the increasing power which they are able to wield because of their vast holdings of ordinary shares.
The Institute of Chartered Accountants in England and Wales £9.50

Added Value: An Introduction to Productivity Schemes
. Woodmansey
Explains what value added is, how it is calculated and can be applied in practice, examines schemes currently in operation with examples.
British Institute of Management £10.00 (£5.00 to BIM members)

Employee Financial Participation
. Reilly
Survey and guide to current policy and practice in the provision of profit sharing, SAYE and share option and incentive schemes in the UK.
British Institute of Management £20.00 (£10.00 to BIM members)

The Real Suez Crisis
Jacques Georges-Picot
French view of the nationalization of the Suez Canal and its consequences, written by a man who was both an eyewitness and a participant in the subsequent negotiations.
Harcourt Brace Jovanovich Ltd. £7.10

Western European Art in the Hermitage Paintings, Drawings, Sculpture
. Asvarishch, . Kosareva, . Kuznetsov
. ely produced album containing 187 colour reproductions of paintings, 94 of drawings in colour and b/w and 51 sculpture in colour and b/w.
Aurora (Collet's distrib.) £25.00

Soviet Textiles of the 1920s and 1930s
M. Yasinskaya
Well illustrated and extensively documented catalogue of textiles chiefly in cotton, linen and flannel. Text in Russian, English, French and German.
Khudozhnik RFSFR (Collet's distrib.) £7.50

Politics and Economic Policy in the UK since 1964: The Jekyll and Hyde years
Michael Stewart
"Easily the best account we have had to date . . . any student of economic policy in Britain should read it." *New Society.*
Pergamon Press (Flexicover) £3.95

Guide to sources of Information in the Textile Industry Second Edition
Worldwide in scope covering processes and activities . contribute to the manufacture, use, and sale of textiles. Includes textile organisations, activities, type, services available, periodicals, directories, books, patents, standards, and sources of statistical data.
The Textile Institute, Manchester £4.75
ISBN 0 900739 05 1

Road Passenger and Road Goods Transport
D. Munby and A. Watson
Describes all statistical sources, both official and unofficial and methods of collecting and processing. This is Volume VII in the unique *Reviews of UK Statistical Sources.*
Pergamon Press £12.50

Identification of Textile Materials
An indispensable manual covering latest developments in techniques and methods for the identification of fibres and analysis of blends. Includes 167 microphotographs of fibres, details of fibre properties, reagents, quantitative analysis, fibre data, conversion factors.
The Textile Institute, Manchester £2.60
ISBN 0 900739 18 5

Who's Who in Science in Europe
Not just a revised edition but an entirely new compilation made from information received from every major science establishment in Europe including eastern Europe. Four volumes: nearly 3,600 pages: over 44,000 biographical entries. Cross-referenced.
Francis Hodgson S.Frs.600.00

World Employment Programme: Urbanisation and employment in developing countries
Fifth progress report on activities.
Summarises results of two series of research documents (six city urban development and employment studies; and field survey reports on informal sector activities in third world cities). Describes technical advisory activities.
ISBN 92-2-101994-2 £2.50
International Labour Office

Bibliography on major aspects of the humanisation of work and the quality of working life
Second edition 1978
With additional references this bibliography takes a close look at relations between working conditions and job satisfaction. Other aspects include time arrangements and social indicators of the quality of working life.
ISBN 92-2-101948-8 £6.00
International Labour Office

Tax Practitioner's Diary 1978-79
Due September.
Ideal for the busy tax practitioner, the diary covers fifteen months from the beginning of October and includes tables of concise and accurate information, together with useful lists of names and addresses.
Butterworths
Limp 0 406 53956 1 £4.00 + VAT (US$8.00)

Pennington's Company Law, Fourth Edition
By R. Pennington
Due September.
This new edition has been updated to incorporate changes brought about by recent case and statute law, including particularly the effects of the Companies Act 1976.
Butterworths
Casebound 0 406 33678 4 £27.00 net (US$54.00) approx.
Limp 0 406 33679 2 £15.00 net (US$30.00) approx.

Topham and Ivamy's Company Law, Sixteenth Edition
E. R. Hardy Ivamy
Due September.
States the law in clear and simple language. Includes full tables of cases and statutes, a comprehensive index, and useful specimen accounts prepared in accordance with recent legislation.
Butterworths.
Casebound 0 406 66730 6 £10.00 net (US$20.00)
Limp 0 406 66731 4 £6.50 net (US$13.00)

Whillans's Tax Tables 1978-79 Edition
Edited by Leslie Livens
Due September.
These tables, printed on stiff card, cover all aspects of taxation, from tax ready-reckoner tables to foreign exchange rates, N.I. benefits, personal reliefs and stamp duties.
Butterworths
Stiff card 0 406 54313 5 £1.75 net (US$3.50)

Canadian Securities Regulation 1977
By D. L. Johnston
This Canadian book covers topics such as the philosophy and scope of regulation: continuous disclosure; the machinery of regulation: insider trading; and self-regulation.
Butterworths
Casebound 0 409 84120 X £41.00 net (US$82.00)

Commentary on the Finance Act 1978
D. J. Ward and C. G. Davis
This Commentary, from the Accountants Digests series, gives the final details of this year's much changed Budget provisions. Useful reference to current tax rates for business and personal financial planning.
HFL £3.50

Irish Income Tax and Corporation Tax 10th Edition
F. N. Kelly and K. S. Carmichael
The invaluable standard reference work on Irish taxation, recommended by the Institute of Chartered Accountants in Ireland as basic reading for students preparing for the professional examination.
HFL £15.50 (loose-leaf)

BOOKS

Dostoyevsky's divided life

BY C. P. SNOW

Dostoyevsky: His Life and Work by Ronald Hingley. Elek, £6.75. 222 pages

Dr. Ronald Hingley has written a sensible book on Dostoyevsky. That sounds about the flattest of appreciations; but, in fact, it is high praise for a remarkable feat, and this new book is one of Hingley's major illuminations of Russian literature for English-speaking readers. His work on Chekhov, translations and biography, is the best in English: but it is comparatively easy to be sensible about Chekhov, and singularly difficult about Dostoyevsky.

One trouble is that to English people he tends to seem not only larger than life, but also more bizarre, unrecognisably stranger than ourselves. This led to a lot of nonsense being talked about the Russian national character, derived from the wilder passages in Dostoyevsky's novels (and they are very wild) and from reports of the more improbable episodes in his life (and they are very improbable, but most of them are true.) No writer, and few other men, can have lived so many melodramatic experiences.

He was born in 1821. At the age of 23, having no money at all, he resigned his commission in the Tsarist Corps of Engineers. A few months later, the manuscript of his first novel reached the young poet and editor Nekrasov. Within hours it was hailed as a masterpiece, among acclamations, tears, jubilation, all on a Petersburg summer's night. A few days later, similar enthusiasm from Belinsky, the most influential critic any literature has ever had. Dostoyevsky was famous months before the book was published. His career looked already made. As it happened, in literary terms he lost his way.

He joined a semi-subversive discussion group (some of the members were more subversive than it has been customary to think). Imprisonment. Sentenced to death without knowing it. At 28, taken out on a snowy December morning with his companions. Dressed in their shrouds. Sentences read out. First three tied to execution posts. Dostoyevsky in next three, waiting. Noise of courier's coach. Sentence commuted. This was a sinister practical joke of that cold-hearted brute, Tsar Nicholas I.

Four years in the Omsk prison (there is an incomparable account in *The House of the Dead*). More years as a private in a Siberian regiment. Restarting his literary career at 40. Disastrous first marriage, sponging relatives, debts. Disastrous love affairs. Obsessive gambling. An almost miraculously providential marriage to a girl half his age. The happiest marriage of any great writer.

The girl not only an adoring wife, but a splendid businesswoman. Debts finally discharged in the last year of his life. Death at sixty, at the height of his fame, now alongside Tolstoy the great novelist of Russia, *The Brothers Karamazov*, recently published, his Pushkin speech still stirring the nation.

All that really happened, and a lot more. It takes some domesticating to make him appear like a real-life human being. It is just that domestication which Hingley has achieved—and as Joseph Frank is beginning to do, in the first volume of a four volume biography.

Dostoyevsky somehow survived his ordeals. He was fine-nerved, epileptic, lived much of the time in a state of hyper-excitement. The secret was, he also had exceptional resilience, vitality and fundamental endurance. He was further supported by a sturdy component of sexual vigour. His second marriage was rapturously satisfying in that sense as well as others, as his letters (which his wife tried to make slightly more decorous, with little success) cheerfully demonstrate.

He was pernicketily tidy. He had most of the bourgeois virtues. He didn't like being in debt—which largely happened owing to his ludicrous generosity to so many relatives and hangers-on—though it took his wife's tough shrewd young head to get him out of it. He turned into a God-fearing responsible pillar of society, the only one of the great Russian writers to be a spokesman for Church and State. Yet that involved a Dostoyevsky paradox. He became the chief lay apologist for the Orthodox Church. He believed in the Church and its rituals and glories. Did he believe in God? As with his own Shatov, he hoped that someday he would.

With admirable lucidity and economy, Hingley makes sense of this story, dramatic beyond the limits of drama. This book is the perfect introduction for English readers, to be supplemented by Frank's as the volumes emerge. For the literary texts in English, one can't do better than the Norton Classics. Those fine editions ought to be available on this side of the Atlantic for students of literature.

Dostoyevsky's life and work is, by the nature of the man, packed with ambiguities. Anyone who knows a little about it will want to discuss some of Hingley's interpretations. For instance, was Dostoyevsky's father murdered by his own serfs? Dostoyevsky's father was an impoverished hospital doctor, who, to establish his own gentility, bought a derelict estate with a small complement of serfs. He died in his forties, and the doctors' certificates gave the cause as apoplexy. Seventy years later, the story ran round, promoted by some of the writer's relatives, who were on the whole an egregious collection, that the father was murdered, in barbarous circumstances, by a gang of his serfs.

Freud swallowed this story, book, line and sinker, and wrote an interpretation of the novels based upon it.

Tsar Nicholas I: A last-minute reprieve for Dostoyevsky

Modern opinion in Moscow doesn't believe the story. Nor does Joseph Frank. Hingley dickers with it. I am another unbeliever. For evidence in support of my incredulity, I should quote Dostoyevsky's letters to his wife, written on a holiday visit to that pathetic old family estate. In those letters, Dostoyevsky wants her to bring the children to join him in the old home. Dostoyevsky was a peculiarly sensitive and protective parent who shielded his children from any kind of fright. I don't believe for an instant that he would have permitted his beloved family to be exposed for an hour to a place where his own father had been atrociously killed. This seems to me a decisive argument against Dostoyevsky believing the story himself.

Fiction

Poison pen

BY ISOBEL MURRAY

The Action by Francis King. Hutchinson, £4.95. 250 pages

The Volunteers by Raymond Williams. Eyre Methuen, £4.95. 208 pages

Whistle by James Jones. Collins, £5.50. 457 pages

A Long Walk to Wimbledon by H. R. F. Keating. Macmillan, £4.50. 191 pages

Martha Kingsley was a handsome woman, "even if she did have the body of a dachshund." She tyrannised and emotionally crippled her brother Nigel: she bullied her lodgers and patronised social unfortunates: she was a proud and terrible cook, and all this was bad enough. But when philistine Martha out of feminine curiosity read the forthcoming novel of Nigel's friend and former mistress Hazel, she recognised herself in "Major Charles," an unkind and telling self-portrait.

As we would expect from Francis King, the questions raised by the novel are much more subtle than that, and most deftly handled. We sympathise with Hazel, with her need to retell in fictional form the true story of the mentally subnormal child whose existence ruined her marriage, marred her relationship with lover Miklos and questioned Hazel's self-confidence at the deepest levels. And when her publishers renege on their moral obligations and Martha gets a cheap young lawyer to threaten action unless the book is withdrawn, we both laugh with the teller and sympathise still with the author and victim.

But even the paranoid Martha, striking out one inoffensive sentence after another in an ecstasy of self-justification, must be made humanly approachable. Francis King's writing is unsentimental and wittily controlled. He has his readers rolling about over such minor characters as the Cypriot lodgers, shivering with queasy horror yet gradually needing to understand Martha, joining in Hazel's slow realisation of her own part in the melee. The novel is funny, moving and even tragic. It also raises, insistently, questions about the relationship of fiction and experience, and the need, when this is too close, to find ways for the novelist of expressing a creative truth which does not become for others destructive truth.

The relation of fiction and experienced fact has been carefully explored by Raymond Williams in his Welsh-based novels *Border Country* and *Second Generation* (just now reissued by Chatto and Windus). In his case it is complicated by the need to theorise and to analyse both, and an unwillingness to dogmatise: characteristically, the question occurs in *Second Generation* in an argument between a postgraduate research student and an experienced academic: are novels merely fantasies, or valid accounts where "the dimensions are different"? The question is uncomfortably re-raised in the new book, *The Volunteers.*

The jacket calls *The Volunteers* a "political thriller," and this it sets out to be. On the surface it is an investigation into the shooting of a Cabinet Minister following the army killing of a Welsh worker. This is a kind of genre which is proving popular with writers anxious to reach a wide audience with subject matter which is educational as well as entertaining—writers as diverse as Paul Erdman, Len Deighton and Frederick Forsyth. The key to popular success here is that the "instruction" be clear but unobtrusive and palatable, and the story forceful enough to provide the impetus.

Where Raymond Williams fails, relatively, in *The Volunteers*, is in the first of these. His novel is a political thriller set in the 1980s, when the State has achieved an unspelled-out permanent authority, and both fringe and party politics as we know them have become irrelevant.

The novel hinges on the consciousness and the manipulation of the hero, once a political radical himself and now a news reporter, but his account is over-allusive, insufficiently explicit. Williams has not opened out his political area as Erdman, say, does that of international capital. What remains is a good novel for an informed minority audience, who will find it thought-provoking and possibly infuriating. That may be part of Williams' intention, and no bad thing.

But it is his earlier novels which better spell out his real concerns. They both wear well. Certainly, the imaginative intensity is sporadic, and some scenes and events provoke the prose of a genuine novelist, whereas much of the dialogue is the helpful working out of an intelligent theorist. Still, I look forward to the third volume.

The trouble with starting even

Francis King: model hits back

a very popular trilogy, as James Jones did, with a title like *From Here to Eternity*, is that by the end of the trilogy, 26 years later, the reader may truly begin to feel it's been going on forever. *Whistle* is the last volume, which wore Jones out and was left almost finished at his death. But what can it say that hasn't been said before?

More important, why not say it in less space? *Whistle* concerns wounded soldiers generally, but particularly four from the same company, sent home from the South Pacific to veterans' hospital. It has a lot to say about blood, pain, group identity, bitterness, cynicism, the need for booze, sex, booze and sex. But it seems to me far too long. Powerfully and sincerely involved in the novel himself, Jones has insulted the brains and the emotions of his readers.

A Long Walk To Wimbledon is the third of H. R. F. Keating's novels in which he moves from detective stories to more serious themes. Like Raymond Williams's, this novel is set in a future England, specifically a London in ruins, where anarchic bands of survivors barricade themselves into bizarre miniature societies and attempt to continue to survive.

Mark is distracted from simple survival by an unexpected demand from his mother-in-law that he visit his estranged dying wife: a walk from Highgate to Wimbledon becomes an unknown odyssey amid dangers certain and indefinite.

Mark makes the journey, and makes discoveries about himself, about survival, about others. The novel is very readable, with many unforgettable pictures of an indiscriminately pulverised London.

Chinese puzzles

BY COLINA MACDOUGALL

China's Economy: A Basic Guide by Christopher Howe. Paul Elek, £7.50. 256 pages

For years, most books published on modern China have been either unreadably ponderous or glossily sycophantic. Here is one that is different. Christopher Howe's new volume on the Chinese economy is necessarily packed with facts, but it is also terse, enlightening, shrewd and even sometimes wryly amusing. It is quite scholarly enough to be useful—the tables for instance are thoroughly documented—but the point of the book is to convey a wide range of basic ideas and information in a relatively painless manner.

It succeeds well. For the first-time visitor to Peking it will balance the rosy glow induced by plentiful *maotai* and the impregnable economic optimism of his hosts. The stay-at-home businessman who digests its realism will be able to assess much more efficiently the sort of role he himself might play in filling a gap in Peking's economy.

The book is neatly arranged on a sector-by-sector basis, which makes it easy to consult, but more important, Howe has read all the current literature on the Chinese economy (some of it immensely detailed) and his familiarity with it has generated some very interesting thoughts. One is his realisation of China's growing preoccupation with international economic institutions and world economic order, which arises from its ever-increasing dependence on foreign trade.

Several trips to China have rounded out the numerous printed sources with first hand impressions which have made him—unlike some, whose critical faculties are numbed by what they see—both more perceptive of and sympathetic to Chinese difficulties. He incorporates some admirable examples of judgments made by people who should know better: China is the society where things "work" (J. K. Galbraith); where there is "no competition" (Mrs. Jacob Javits); where there is "total freedom from inflation and material and moral pollution" (Mr. Denis Healey). Fortunately the fall of the Gang of Four has given the world a glimpse into Chinese society which has revealed convincingly as much corruption, inefficiency, intrigue, greed and immorality as anywhere else.

Howe is far from unsympathetic to the Chinese and his belief is that, given pragmatic policies and a stable leadership, their development plans should bring them in due course a modest prosperity. But he is not blind to the difficulties. Agricultural growth is the key to expansion, and the Chinese, recognising this, have planned a 4 per cent annual increase in production up to 1985.

Howe's own figures (as opposed to the CIA ones, which many people believe to be over-optimistic) make this target seem very unlikely to be achieved. The long-run trend, he estimates, from the 1930s to 1974 was an annual increase of only 1.1 per cent. Even the growth from 1952 (the first representative year under the new communist government) up to 1974 was only 2.01 per cent annually, a figure only marginally above the population growth rate.

In industry, too, the Chinese have some very serious problems. Howe points out that coal, iron, steel and textiles have not performed up to expectations, partly because of difficulties with low quality raw materials, but as much because of poor judgment and planning. The failure in the first three industries, which are crucial to future growth, is only partly counterbalanced by success in the power, machine tools and petroleum industries.

Realisation of these problems should help other nations to trade with China more effectively, particularly when the Chinese themselves are searching for a wide range of Western technology both in Britain and elsewhere. But perhaps more important, growing information about the economy should make possible a proper evaluation of China's strengths and weaknesses at a time when there is much talk of Peking's weight in the world balance of power.

Girl away

BY SARAH PRESTON

Little Eden: a child at war by Eva Figes. Faber, £4.50. 140 pages

The picture on the cover of this memoir shows a group of young evacuees with labels on their coats getting on to a train to take them from the rigours of bombing in London to the peace of the country. The "Little Eden" where eight-year-old Eva Figes and her younger brother were evacuated in 1940 was Cirencester in Gloucestershire, a sleepy county town dominated by the local gentry.

But the Figes brood were not ordinary evacuees. In the first place their mother went with them, to an old-fashioned farmhouse which was liked by Eva but not by her mother who preferred hygiene to oil lamps and cowpats in the lane. More important, Eva's family were not just evacuees from Hitler's bombs but Jewish refugees from a much worse fate.

The little paradise she found was a school called Arkenside run by two sisters, Zoë and Hillie. Eva eventually became a boarder. The most sympathetic parts of the book are those in which she nostagically recreates the perceptions and experiences of an eager, rather solitary girl, gardening, reading under the bedclothes and always hungry, not so much because of rationing as through the sisters' eccentric ideas about children's diet. Eva Figes has also raided the archive for contemporary evidence of what life in Cirencester was like at the time but the cuttings from newspapers and her adult interpretations of the social structure of the area are less interesting than her personal memories.

Like many children in that situation she had no consciousness of what being Jewish really meant and she accepted without question the various changes in her life. At the end of the book she recounts movingly going to see a newsreel about Belsen and realising that up till then she had been "innocent as Eve in the Garden of Eden, and as ignorant."

Strange attack

BY RICHARD JOHNS

The Conspiracy of Silence: The Attack on the USS Liberty by Anthony Pearson. Quartet Books, £4.99. 179 pages

The truth is, indeed, often stranger than fiction and nowhere more so than in the convoluted Middle East conflict with all its global dimensions. Even by its standards there can have been no more bizarre episode than the cold-blooded and ruthless assault by Israeli aircraft and motor torpedo-boats on the more or less defenceless American "spy" ship the USS Liberty in international waters off the Sinai coast during the June War of 1967. At the time one could only regard with polite incredulity the official Israel explanation that the Liberty had been mistaken for an Egyptian supply vessel called the El Kasir. The U.S. Government made only the mildest of protests about the action of its ally and client State accepting the explanation that it did not believe. More amazingly, despite the barely concealed fury of the Pentagon, the anger of the relatives of the 34 dead and 171 injured, and the protests of a few Congressmen, no investigative account of the incident appeared until 1976 when Penthouse magazine published two articles by Anthony Pearson, a reporter formerly of the Manchester Evening News.

The Conspiracy of Silence expands and elaborates substantially on those articles. They went far in confirming that the Israeli attack on the Liberty on June 8 1967 had been ordered at the highest military level because its ultra-sophisticated listening device was monitoring radio traffic which showed Israel to be defaulting on a commitment made to the White House and the Central Intelligence Agency, which wished to see President Nasser humbled and deposed but also to contain the war. The basic thesis is summed up by a General in the Pentagon quoted by the author (but understandably not named) as saying:

"I think that they hit her simply to stop the ship passing information to Washington that the Israeli Army was overrunning Jordan in contravention of every agreement made with the U.S. Government and was planning to escalate the war, despite the UN call for a ceasefire, to attack Syria and overrun the Golan."

In a greyer area Pearson appears to have established that the Polaris nuclear submarine USS Jackson was near at hand and filmed the whole attack from its periscope but was powerless to help because, firstly, it could not have engaged the torpedo boats at close quarters and, secondly, it could not anyway have revealed its presence. Its main role, he asserts, was to destroy Israeli missile sites in the Negev in the event of a doomsday decision to unleash from them conventional or nuclear warheads aimed at Arab capitals. The writer is convinced by his sources that any such move could have been anticipated and neutralised. Having failed to sink the Liberty without trace, the Israeli assault was called off when the vessel's "mayday" signals reached the command of the Sixth Fleet. The enraged U.S. Chiefs of Staff ordered a retaliatory raid on an Israeli naval base but were countermanded by the White House.

Pearson is the first to admit that he has not conclusively resolved many of the mysteries surrounding the affair, not least the incomprehensible misrouting of messages sent before the attack by the National Security Agency telling Captain McGonagle to withdraw. He tentatively suggests that it was the work of a Mossad agent working within the CIA—a theory not ruled out by Richard Deacon in his book on the Israeli Secret Service. Except in its vivid reconstruction of the assault on the Liberty, including an account by an Israeli pilot involved, the book does not explain all or pretend to, ending rather like a good ghost story leaving many questions unanswered.

Substance apart it is a very personal and readable account of Pearson's quest for facts in the face of a blanket of silence imposed on discussion of the affair in the U.S. In pursuing a sinister trail he found bereaved relatives dissatisfied with compensation received and angered by the cover-up but fearful of speaking.

A FINANCIAL TIMES SURVEY

STANDBY POWER

OCTOBER 9 1978

The Financial Times proposes to publish a Survey on Standby Power. The provisional editorial synopsis is set out below.

INTRODUCTION The demand for standby power units has shown a steady growth over the years. UK manufacturers as the dominant European suppliers of generators have benefited from the growth. Prospects for the next few years.

THE MARKETS In Europe and elsewhere: patterns of demand from oil producing countries.

POWER UNITS The effects of rationalisation among diesel engine manufacturers in the UK and elsewhere. Custom built motors for larger installations.

PORTABLE SETS These are used in a wide variety of locations and range in size from small sets for emergency lighting upwards. Market prospects.

CONTROL GEAR This is becoming increasingly sophisticated: for example in applications where continuity of supply is essential or for sets in remote locations.

SPECIAL APPLICATIONS Power units sometimes have to endure extremes of climate ranging from desert to the Arctic or North Sea environments. Other special requirements, like supply to computer installations. New developments.

For details concernnig advertising rates for this Survey please contact: Meyrick Simmonds, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY Tel: 01-248 8000 Ext. 7150

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

ELECTIONS CAN BE FUNNY THINGS . . .

Ministers were smiling cheerfully but refusing answers to all questions on polling day timing as they left No. 10 after yesterday's Cabinet meeting. From left, Mr. Eric Varley, Mrs. Shirley Williams, Mr. David Ennals, Lord Elwyn-Jones and Mr. Peter Shore.

Callaghan to carry on 'doing what's best for Britain'

BY IVOR OWEN, PARLIAMENTARY STAFF

THE NATIONAL interest is best served by not having an immediate general election, the Prime Minister claimed last night. He explained in TV and radio broadcasts his reasons for not having advised the Queen to dissolve the present Parliament.

Mr. Callaghan disclosed the best-kept political secret of the post-war years in matter-of-fact and undramatic terms.

"We shall go on because we are doing what is best for Britain," he declared.

The PM began by referring to the intense speculation that there would be a general election this autumn—speculation which had started as soon as the Parliamentary Liberal Party had decided early in the summer that it wanted to end the Lib-Lab pact.

Inflation

This had obviously made the Government more vulnerable to defeat in the House of Commons, but another and different reason for the welter of predictions of an autumn general election was that things had been getting better during this year.

Inflation was at its lowest level for some years, taxes were cut during the summer, and living standards were improving generally.

Mr. Callaghan dismissed suggestions that the Government had rigged a temporary boom for electoral advantage.

"That is false. The benefit that the country is experiencing today is the result of your efforts, and the Government has eased the situation because we thought the economy could stand it and for no other reason.

"These can be lasting, not temporary improvements, if we follow consistent policies.

Unemployment

"So I'm not proposing to seek your votes because there is some blue sky overhead today."

He gave the first indication that there could be a major surprise in store by urging his audience to consider the great domestic issues facing the nation. He said people should ask whether a general election now would make them any better this winter.

Would a general election prevent inflation going up once more? Would it reduce unemployment this winter? Would a general election now solve the problem of how to deal with pay increases during the next few months?

In a side-swipe at the lavish advertising campaign already undertaken by the Conservative Party—estimated to have cost £370,000—the Prime Minister insisted: "There are no instant solutions—and advertising slogans are no substitute."

Mr. Callaghan then emphasised: "The Government must and will continue to carry out policies that are consistent, determined and do not chop or change and that have brought about the present recovery in our fortunes.

"We can see the way ahead. I spelled it out this week at Brighton. With prices now more stable, with steadier growth, with the increasing advantage brought by North Sea oil, with good foreign exchange reserves, we can foster industrial confidence.

"We have already laid the foundations to create a better life for all our people.

"I know that we have large positive support in the country for the way we are facing our problems."

The Prime Minister then described how, at the Cabinet meeting held at 10 Downing Street earlier in the day, he invited Ministers to prepare themselves not for a general election but for the fifth and final session of the present Parliament.

This would begin in the autumn, with a Queen's Speech containing proposals to carry forward the social policies which the Government had already presented to Parliament.

The already-announced increase in social benefits would take place in November, and the Government would also be asking Parliament to approve the preparations for holding the referenda in Scotland and Wales on the proposal that assemblies should be established in Edinburgh and Cardiff.

Mr. Callaghan promised: "We shall work with the greatest vigour to control inflation, to reduce unemployment, and to improve the efficiency and prosperity of British industry."

Prosperity

The Prime Minister acknowledged the political difficulties which faced the Government in the months ahead. "I can already see some looming on the horizon. I cannot and do not promise that we shall succeed. I can say that we shall deserve to.

Instead of calling a general election at this time, he asked everyone to carry on with the task of consolidating the improvement now taking place in Britain's position.

"Let's see it through together," he appealed.

● Mrs. Margaret Thatcher, Opposition leader, said last night that she believed the Prime Minister had made a mistake. "His decision is against the nation's interests."

He has lost his majority and with it the authority to govern," she said.

Queen's Speech threat by SNP

By Ray Perman, Scottish Correspondent

SCOTTISH Nationalists accused the Prime Minister of making a blind gamble and said they would probably not support the Government on the Queen's Speech, even if it contained a promise of a referendum on devolution this year.

Mr. Gordon Wilson MP, deputy leader of the 11-strong Scottish National Party group in Parliament, said last night that no approach had been made by the Government before the Prime Minister's announcement.

The decision on whether to support the Government in the coming session would have to be made by the group after it had seen the terms of the Queen's Speech. But it was likely that they would decide to vote with the Opposition.

Other Nationalist MPs last night endorsed this view.

The SNP argument is that a referendum could not be held before December when the present electoral register would be ten months out of date, making it difficult to overcome the 40 per cent threshold required before a Scottish Assembly can be brought into being.

The party would prefer to hold the referendum after the new register comes into force next February.

Mr. William Wolfe, chairman of the SNP, said that Mr. Callaghan should face up to his responsibilities to the nation. The party was prepared for an election and had been gearing up since July.

The SNP has been trailing badly in the opinion polls and is now 30 per cent behind Labour in Scotland. The first opportunity for Nationalist leaders to discuss the Prime Minister's statement will be this evening when the National executive committee meets in Edinburgh.

But it is likely that it will reiterate the line taken at the party's policy-making National Council meeting last weekend by Mr. Donald Stewart, MP, the Parliamentary leader, when he spoke out strongly against any agreement to keep the Government in power.

Robert Burrows

Mrs. Margaret Thatcher, Tory leader, on a factory tour of the Midlands yesterday.

Shock for trade union leaders

BY CHRISTIAN TYLER, LABOUR EDITOR

THE Prime Minister's decision was an unexpected blow for trade union leaders gathered in Brighton. They have subordinated everything this week to preparations for a campaign and declarations of support for Labour. To the very last minute, nearly all were convinced that an election was imminent.

So confident were they that statements about the campaign had been drawn up even before Mr. Callaghan's television broadcast.

Despite the decision, money promised for Labour's war-chest—over £200,000 has been firmly pledged—will remain in the kitty. Mr. David Basnett, chairman of the TUC and leader of the Trades Union Committee for Labour victory, snatched comfort from the situation by declaring that the delay would give unions time to mobilise their resources and further develop their dialogue with the Government.

He said that the trades union movement would "use this period as an opportunity to strengthen and consolidate co-operation with the Labour Party and the Government."

The decision means that Mr. Callaghan is gambling on the success of his 5 per cent pay limit for Phase Four. Quite apart from a TUC resolution passed on Wednesday opposing it, few union leaders believe it will be observed when inflation is at 8 per cent and rising. At the same time, they have made it plain that they will not encourage their members to go wild.

The first test will be the Ford motor negotiations in the private sector and the local authority manual workers in the public sector. Claims of well over the 5 per cent have already been lodged in several industries.

Meanwhile, Mr. James Prior, shadow Employment Secretary, last night dropped broad hints that the Conservatives would maintain the 5 per cent policy of they inherit it at the General Election.

He told a meeting of Conservative trade unionists in Brighton: "To the extent that both the TUC and the Conservative Party are seeking a return to responsible bargaining, we are moving in the same direction.

Last night, Mr. Moss Evans, general-secretary of the Transport Workers Union, said: "I would have prefered an election. We were all geared up for it. From the trade union point of view, we have got ourselves ready to give maximum support. But I don't think we will relax now."

Mr. Basnett declared: "The TUC will continue to discuss with the Labour Government on the basis of the agreed document 'Into the Eighties' so that our economic and social priorities can be further developed.

"The trades unions, Government and the party, will continue to work together on all fronts."

Heavy betting on Labour

HEAVY BETTING on the Labour Party to win the election, was reported by bookmakers William Hill before yesterday's announcement. But the Conservatives remained favourites at 4-5, with Labour on offer at even money.

TUC reports by Christian Tyler, Labour Editor, Alan Pike, Pauline Clark and Philip Bassett

Shell and BP 'have blood on their hands'

BP AND SHELL Oil were accused yesterday of having "blood on their hands." Mr. Jack Jones, chairman of the TUC International Committee led a biting attack on their involvement in maintenance of oil supplies to Rhodesia.

He called on the Government to use all means possible to end supplies to South Africa if there were no guarantee that it would stop channelling oil to Rhodesia.

Mr. Jones said British companies were two-faced in their dealings with both South Africa and Rhodesia. There should be no more "hypocrisy."

He won a standing ovation for his last speech to the TUC as chairman of the committee.

He said it was "to the eternal shame of our country that we see the oil sanctions against Rhodesia brazenly busted.

"Those who did it have sustained the Smith regime and have blood on their hands." He pointed out that Shell and BP were still meeting 40 per cent of South Africa's oil demands.

Mr. Roger Lyons, national officer in the Association of Scientific, Technical and Managerial Staffs, and Mr. John Miller, national secretary of the TGWU, issued a statement urging the British Government to initiate moves at the United Nations to ensure that the oil embargo aagінst Rhodesia was extended to South Africa if it failed to give assurances that it would stop supplying oil to Rhodesia.

Mr. George Lobo, of the Civil and Public Services Association, also spoke of the "unforgivable" part Britain had played in the sanctions busting operation and called for full publication of the Bingham report on the issue.

Exploitation

"I am appalled," he said, "that top British institutions can get away with this. It shows how much power is in the hands of multinational companies."

Mr. Jones said that South Africa used the policy of apartheid as a licence to exploit.

"We shall see what their response will be to the code of conduct laid down by the governments of the Nine, including our own."

Employers would have to make public their reports under the code—and what were they going to say to shop stewards and trade union officials who took the matter up with them?

On general trade union international issues, esp[...] unemployment, Mr. Jones [...] international action to [...] world demand.

The governments of the [...] countries in the West and J[...] must agree how to act tog[...] against the common ev[...] unemployment. Talk of a [...] world economic order was [...] talk without growth and i[...] trial expansion.

Mr. Jones criticised the [...]ernment for delaying actio[...] an official inquiry into the [...] of the Globtik Venus, a Br[...] registered ship which 18 m[...] ago was hit by a wage stri[...] its crew. The crew was re[...] by a group of thugs recruit[...] Britain, Mr. Jones reminde[...] conference.

He also called for world [...] union co-operation in the [...] against oppression of [...] unionists in countries su[...] Tunisia, Chile, Argentina, [...]nesia, Iran, Brazil and [...] Africa.

He also said there were [...]tries in the Third World [...] conditions for trade unio[...] velopment hardly existe[...] cause of indescribable po[...] The international trade [...] movement had a "sacred [...] to find ways to lift these [...] out of their poverty.

Today's agenda

THE 110th annual Trades Union Congress will end today with a report on the workings of the National Council of Labour which is composed of the executive of the TUC, the Labour Party and the Co-operative Union.

Journalists walk out over secrets motion

THE National Union of Journalists delegation withdrew from Congress in protest at not being allowed to put its motion calling for freedom of information.

The motion asked Congress to "note with concern the continuing prosecution of Crispin Aubrey, Duncan Campbell and John Berry, three trade unionists who discussed the role of the army in signals intelligence gathering." It also called on the Attorney-General to drop the prosecutions now being heard at the Central Criminal Court.

It applauded the four MPs who named "Colonel B" in the House of Commons, and called for the introduction of a Freedom of Information Act.

Mr. David Basnett, TUC chairman, said that the General Council was disturbed by the implications of "the case referred to in the motion" and fully endorsed the motion.

It had taken legal advice on allowing it to be debated, for fear of being in contempt of court for infringing sub judice rules. It had been strongly advised that the motion should not be debated, and Mr. Basnett ruled accordingly.

Mr. Denis MacShane, NUJ president, said the NUJ was being "steamrollered" out of putting the motion, and that it was being suppressed.

Mr. Basnett asked him as he left the rostrum if he was challenging the ruling. One of the NUJ delegation in the body of the Congress replied: "Yes."

Mr. Basnett left the chair, and Congress overwhelmingly carried a motion that the ruling be upheld. Delegates of the Society of Civil and Public Servants, which was to have seconded the motion, and of the Civil and Public Services Association, voted against. The NUJ delegation then walked out of the hall.

Mr. MacShane's speech, 1,000 copies of which were later circulated to delegates, would have contained only three references to the Aubrey-Berry-Campbell case.

Noting that it would be "quite improper" to go into the details of the trial, the speech said: "I hope this motion will be passed unanimously and so our three brothers in the dock will know that hopes and best wishes of every delegate here in Brighton are with them in the weeks ahead."

Most of the speech would have concentrated on the efforts of the current Labour Government, which "has the worst record of any this century in trying to limit the freedom of expression." It included as examples the attempt to stop the publication of the Crossman diaries, the prosecution of the Sunday [...] over the thalidomide affai[...] expulsion of journalists [...] Agee and Mr. Hosenball a[...] manipulation of news [...] Northern Ireland.

The State was entitled t[...] military secrets and to [...] keep them secret. But th[...] of the Official Secrets Ac[...] gone far beyond applicat[...] defence of true national se[...]

The Government had [...]pletely and utterly renege[...] its promise to replace the [...] Secrets Act with a more [...] law.

Mr. MacShane said late[...] the NUJ could not accep[...] Basnett's ruling that disc[...] of the motion would be in [...] of the sub judice rules. [...] union could no more [...] gagging by the TUC than i[...] by the machinery of [...]ment.

Russian abuses attacked

TUC LEADERS were accused of being "mealy-mouthed" in failing to attack human rights problems in Russia.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, attacked the general council for its unwillingness to criticise abuses of freedom and savage sentences handed out in the Soviet Union and Communist bloc.

Such reticence, he said, was "devaluing the currency of its criticisms of civil rights in the rest of the world."

He said that its interpretation of human rights, as tackled in motions on the issue, were too narrow and ignored the great upsurge in demand for civil liberties in the Soviet Union and East Europe.

The council appeared to believe that a 10-year jail sentence in South Africa was quite different from the same sentence in the Soviet Union.

"To say that the general council is mealy-mouthed is no under-statement."

Mr. Chapple said the general council had failed to seek explanations on several outstanding incidents of human rights abuse in Russia.

There had been no explanation of how Shelepin moved from being a leader of the Young Communist League of Russia to being chief KGB man, and from there to become deposed as head of the Soviet trade unions.

The trade union movement, he said, was concerned with civil liberties in general. But it had escaped the notice of the general council that the repressive apparatus created by Stalin had never been dismantled.

Mr. Chapple cited the cases of Orlov, Ginsberg and Shcharansky, who were given five to 12 years in labour camps and exile for monitoring the Helsinki Agreement.

If such laws were applied in Britain we would all be serving time in central Siberia, he said, calling for an end to what he believed were double standards.

Shift in education priorities wanted

THE objective of the TUC on education was to achieve a major shift in priorities, Mrs. Marie Patterson, vice-president, told Congress yesterday. The task was to reshape our education system in favour of "the have nots."

Congress backed motions calling for the rate support grant system to guarantee specific money for education, for opposition to the narrowing of school curricula and for implementation of measures to counter the growing problem of youth unemployment.

She said that education was an important instrument for social change. Its job was to reduce life's unequal chances, not to reinforce them. But, in practice, the education system gave undue weight to the needs of an academic elite.

A privileged minority took no less than 25 per cent of the total education budget, while next to nothing was spent on young workers' and adult education.

The TUC, which represented those whose educational needs were most neglected, welcomed the prospect of legislation to provide for mandatory grants for young people remaining in full-time education beyond the age of 16.

This was a major reform which would also be of considerable value to working class girls, who had always been disadvantaged in their job prospects.

In the coming year, the TUC would be looking for substantial reforms for the under-fives, calling for a comprehensive universal service of public authority care.

The Government had to settle the issue of comprehensive secondary education. A few reactionary local authorities must no longer be allowed to frustrate this.

Adult students must no longer be split into first-class — those who were paid to study full time —and second class—those who paid their own fees and studied in their own time.

Industrial democracy must become a reality by more investment in trade union education. On Wednesday, the TUC had received a letter from Mrs. Shirley Williams, Education Secretary, setting out ways in which the Government might be able to help the TUC to buy a building and help finance the work of a national trade union college.

Mr. Len Murray

The TUC would be seeking an early meeting with ministers to reach a firm agreement on detailed plans.

Mr. Len Murray, TUC general secretary, said that the provision of under-fives services was abysmal. The extent and the quality of available facilities were grossly inadequate.

The TUC's charter for the under-fives rested on four principles:

- There should be no distinction between the education and the welfare needs of young children.
- Services should have flexible hours to meet the needs of parents.
- There should be open access to facilities.
- The service should be free of charge.

The TUC proposed a national development plan for under-fives services and an end to the rigid and unhelpful divisions between care, provided by the Department of Health and Social Security, and education, provided by the Department of Education and Science.

It called for the development of nursery centres combing both day care and nursery education.

Smallpox warning

FIVE UNIONS representing 100,000 workers in universities yesterday warned that the Birmingham smallpox incident could happen again without more Government money for safety measures and a less complacent attitude from some universities.

They criticised the Government for not providing the money for its own legislation to be carried out.

They also criticised the recent Health and Safety Executive pilot study on safety in universities for indicating that there was no real cause for concern.

The Birmingham case exposed "the complete inadequacy of the health and safety standards in universities."

Hazards to employees and students included radiation, lasers, toxic gases, and genetic engineering.

Right to strike plea

THE TRADE unions had pledged their support to work for Labour in the election and a Labour Government, with a working majority, should bring in legislation to give Post Office workers the full right to strike, Mr. Bill Wolfenden, assistant secretary of the Union of Post Office Workers, told Congress.

He said that a private member's Bill, sponsored by Mr. Norman Buchan, Labour MP for Renfrew West, which would have given Post Office workers that right, had been stopped by the opposition of Liberals and Conservatives.

Mr. Geoff Barker, of the Civil and Public Services Association, said that as legislation stood, the CPSA's 35,000 Post Office members and Post Office members in the Society of Civil and Public Servants were particularly affected by the rule that Post Office workers were only allowed to strike against the Post Office.

Because the majority of the members of the two unions were outside the Post Office, if the unions took industrial action and called out their Post Office members, their strike could be illegal.

Mr. Frank Pratt, general secretary of the Post Office Management Staffs Association, said that industrial tribunals had become excessively formal. It was inevitably the case that employers brought along their own lawyers and because the applicant was often without legal knowledge, the tribunal was prolonged at the taxpayers' expense.

Without new regulations to speed tribunal proceedings and make them less formal, free legal aid for applicants would have to be considered.

One son[...] but two tunes

Indeed, the Gene[...] Council seems to believe that if our police state is effec[...] it controls its union[...] and its Press as it controls all else.

The Government [...] been concerned onl[...] harass journalists. [...] has created a climat[...] which journalists a[...] afraid to investigat[...] the murkier corner[...] Government behavi[...] worried that the he[...] hand of the Special [...] Branch will come to [...] arrest them.

THESE two paragraphs r[...] though they may have come [...] the same speech. In fact th[...] not, and the coincidence o[...] tent was a source of some e[...]rassment for delegates yeste[...]

The first quotation was [...]tained in a hard-hitting spe[...] Mr. Frank Chapple, righ[...] general secretary of the [...]trical and Plumbing T[...] Union, who suspects that th[...] is sometimes less enthusias[...] its condemnation of violati[...] human rights in Communist [...]tries than it is elsewhere.

His union was told sharp[...] Mr. Jack Jones, the re[...] chairman of the TUC [...] national Committee, to br[...] and relax its approach, [...] attempting to insert a refe[...] to "features of the Stalin[...] into a motion on world pea[...]

Mr. Jones, who, with Mr. [...] Scanlon, is leaving the Ge[...] Council today after dominati[...] for a decade, said farewell [...] a powerful call to Congre[...] "work for the unity of [...] kind."

The second quotation c[...] from a speech which dele[...] were unable to hear.

Mr. Denis MacShane, presi[...] of the National Union of Jou[...]ists, was prevented from mo[...] a motion on the Official Se[...] Act after the General Council [...] decided, on legal advice, th[...] debate might give rise [...] contempt of court proceeding[...]

After unsuccessfully chall[...]ing the ruling of Mr. D[...] Basnett, TUC chairman, the [...] strong NUJ delegation withd[...] from the hall, protesting [...]ously at the treatment t[...] motion had received on the [...] morning that Congress [...] declaring itself so unambiguo[...] in favour of freedom of speech.

They then joined Right [...] Work marchers and other dem[...]strators on the pavement out[...] the hall, handing out to delega[...] copies of the speech which [...] MacShane would have made fr[...] the rostrum.

Constraints on innovation: why the 'experts' get it wrong

BY COLIN HARTLEY

[WH]Y DON'T companies put [mo]re resources into new [pro]duct development when it is [cle]ar that their future growth [and] prosperity rest on such [inv]estments? Whatever indus[tri]alists may say, it is not [re]ally for the lack of available [fin]ance. Nor is it for the lack [of] Government investment [inc]entives.

[I]t is certainly not for the lack [of] advice on how to do it, [be]cause academics and manage[me]nt consultants the world over [ad]vocate a thorough and logical [ap]proach:

[•] diligently, rigorously and [dis]passionately seek out oppor[tu]nities and alternatives for [pr]oduct development...

[•] ensure that these are techno[lo]gically compatible within the [co]rporate strategy

[•] apply Discounted Cash Flow [an]d other mathematically based [te]chniques to their estimated [fu]ture cash flows

[•] rank competing projects [ag]ainst the company's long-term "[c]ost of capital."

[•] invest in the top ranking [wi]nners.

This should be the way to do [it]. Indeed, a small number of [hi]gh technology companies do [be]have like this: but the [m]ajority of companies just do [no]t take investment decisions [th]is way. The result is that, as [a] nation, we continue to invest [in] projects which are short run, [of] a "fire fighting" nature, and generally maintain the status quo.

What is worse, if a company does eventually set an expenditure budget for new product development, the amount is often underspent, or never spent or at best spending is considerably delayed.

I just do not believe that in practice capital investment decisions in general, and new product decisions in particular, are taken in the way academics would have us believe.

There are several reasons for this. First and foremost, product development projects are frequently considered on a competitive basis with other types of capital expenditure requests—investment in a new boiler-house, for example, or the extension of an existing factory.

The second factor can be termed *Expediency*.

If the boiler blows up it must be replaced *now*. If there is a strike in the factory it must be dealt with *now*. If a supplier has let us down, the problem requires our attention *now*. New product development can wait, particularly if there is a squeeze on expenditure.

The reality of management is that, unless someone has nothing else to do but think about the future, there are always many more pressing things requiring attention in the short term which must be attended to: so the future very often just has to wait.

Moreover, unless there is a specific allocation of funds, development has to take its place alongside other worthy causes, of both a capital and revenue nature, and jostle for position in the handout of scarce liquid resources. How strong is the argument—and the arguer—for diverting resources towards development?

> 'The reality of management is that, unless someone has nothing else to do but think about the future, there are always many more pressing things requiring attention in the short term which must be attended to. So the future often has to wait'

The third constraining factor is size. Even in a company which spends heavily on research, development and capital expenditure, the amounts thus invested in its long-term future will be small in relation to its total annual spend—such is the burden of financing its current business. The table illustrates this with figures taken from the published accounts of a cross-section of well-known companies.

So it is not surprising that the importance of such expenditure is underrated, and that its advocates often lack muscle in the boardroom.

Fourthly, *credibility*. British managers are a pragmatic lot, and not renowned for their sophistication and numeracy. It is a relatively simple matter to forecast the outcome of a straightforward capital replacement using very simple methods of evaluation.

But the manager begins to get uncomfortable when a jump into the unknown has to be justified by complicated mathematics involving discounted cash flow, probability, sensitivity analysis and risk adjustment. As a result, he remains unconvinced and unenthusiastic about such projects.

In particular, the concept of "cost of capital" as a criterion rate for investment decisions is often not credible to a manager involved in running a business. Those who suggest that "any investment with a positive return must be acceptable, since the real cost of borrowing comes out at a negative number if tax and inflation are taken into account," are not aware of how capital investment decisions are really taken. This point is enlarged in a separate article below.

The fifth constraint is *politics*. Corporate politics looms large in the law of the boardroom jungle. Capital projects, and in particular new product developments, become extremely personal matters: emotional involvement is high, prestige is at stake, faces have to be saved—and therefore friends cultivated, alliances negotiated and stands made. Projects can become just a pawn in corporate politics rather than the specific object of dispassionate economic analysis.

The sixth constraint is *management reward structures*.

It is a sad reality that the easiest way to reward managers is on established results: for example, return on capital employed or on investment, profits, sales, or output. Reputation, recognition and promotion often follows a good track record in these areas.

Yet these measures reflect the past and present: new product development pays off in the future, when the initiator may no longer be in his present job.

If a manager is to gain recognition in such promotion stakes, he would be a fool to push hard for projects of a high-risk, long-gestation nature, but with short-run problems in the meantime which can do nothing but harm to his short-term results. A short-run project could have a more immediate pay-off, with a more positive impact upon his reward and promotion prospects — and it would certainly create far less aggro on the shop floor and far fewer sleepless nights.

So how can British companies change direction and somehow generate these projects which they — and the country — so badly need? It will not be easy and certainly implies much more than the downward revision of a "cost of capital" hurdle rate that some writers have suggested.

But for a start it might be no bad thing for boards to consider the following:—

● Sit down and really try again to develop a corporate attitude towards capital investment priorities: between the different industries embraced within the group, between yesterday's and tomorrow's breadwinners, between the profit earners and the nice non-profit earners like new office blocks and executive jets. Having developed the attitude, which is clearly orientated towards future survival and profitable growth, they should stick to it and monitor progress.

● Ensure that an individual on the board has prime personal responsibility for new product development. Without him such projects may get lost in the infighting down in the corporate political jungle.

● Perhaps be brave and allocate a proportion of corporate resources to be spent in high risk, frontiers of knowledge areas — and be prepared to lose it.

● Develop some *flexible* financial criteria which are acceptable to practical managers; are based on reality and can be used sensibly to evaluate, rank or select from competing ideas.

● Try to become more familiar with the "sophisticated technique," and not forgo the benefit of logical thought before taking a decision.

● Somehow get better at encouraging managers to do the right thing for the future of their company (and of the country) . . . and to reward them for successfully doing it, rather than rewarding them for perpetuating the past.

Colin Hartley, a chartered and cost and management accountant, is an assistant director of management development programmes at Bradford Management Centre.

THE WAY COMPANIES SPEND THEIR MONEY	Materials and services	Wages and salaries	Capital expenditure	Additional investment in stocks & debtors
Boots	495	145	37	45
BOC	411	181	73	31
Guinness	218	77	31	33
ICI	2,458	1,020	332	125
Metal Box	275	126	34	58
Tube Investment	492	235	27	41

A realistic way of defining the hurdles

[I]N CONSIDERING capital ex[pe]nditure projects there is an [ap]pealing logic which suggests [th]at such projects be ranked [ag]ainst the company's "cost of [ca]pital" and accepted if their [po]tential return is higher than [th]is cost. Indeed, many people [su]ggest that British industry is [d]enying itself lucrative projects [b]ecause they are failing to [cl]ear a hurdle rate which is far [hi]gher than the true net cost of [ca]pital after tax and inflation.

This logic may be undeniable, [b]ut its application is impossible: [i]n the first place, computation [o]f this so called cost of capital [is] difficult to the point of im[po]ssibility; in the second, even [if] it were capable of computation, it is highly dangerous to use it as a single hurdle rate for every capital investment appraisal.

In reality, capital is a pool representing a mix of various sources. While the cost of that part of this pool which has been borrowed does have a real cost in terms of interest, by far the larger part of the pool typically comes from equity (including retained profits) and therefore any attempt to compute the cost of capital rests heavily upon an assessment of the cost of equity.

This is never a real number but is imputed by considering the "shareholder's alternate opportunity for investment." Such a number can have no practical significance to the operating manager, who is seeking projects from a much narrower spectrum of opportunities than is the shareholder.

It would be criminal folly for a company to use one common "cost of capital" rate as a hurdle for each and every project.

For one thing, the company is already in a range of industries, each of which has its own ongoing achievable rate of return. The company cannot avoid at least replacement investments in these industries (unless of course it takes the strategic decision to get out), and therefore an appropriate hurdle rate for these investments must be based on something real and capable of achievement in practice, rather than on a conceptual shareholder alternate opportunity.

Secondly, some projects have no measurable return (e.g. safety, welfare, prestige projects) so the return sought from those that do must subsidise those that do not.

Finally, only when it comes to new product development projects, particularly when moving into new areas of activity, is it practical to consider an alternate opportunity. But even then it is quite impractical to base this on a conceptual shareholder opportunity: surely again it must be based on something real—an opportunity genuinely open to company management.

The company is in established activities, it is achieving an ongoing rate of return, and it has an established body of shareholders. These are the realities. The object of applying a range (not one) of hurdle rates to projects is to develop that weighted average mix of activities which will produce an acceptable (i.e. improving) weighted average return on total assets over a period of years.

If every opportunity is sought, in a practical operating sense, to improve this real ongoing rate of return, and if the finance manager diligently seeks out the least costly sources of finance for these assets, then the shareholder is unlikely to be disappointed.

A measure of our poor delivery record

BRITISH manufacturers still tend to underrate the importance of delivery performance. Many do not formally measure it. And well under half achieve 90 per cent of deliveries on time.

These are some of the preliminary points to emerge from a study of 39 companies in the East Midlands, carried out by a team from Derby Lonsdale College of Higher Education.

The initial results of the study surprised the researchers in several respects. For example, only a quarter of the companies claimed to achieve better than 95 per cent delivery performance. Half the companies manufacturing to stock, as opposed to customer order, did not formally measure delivery performance. Nor did over a fifth of those making to customer order.

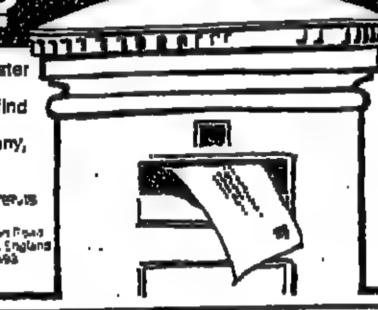
Surprising

Equally surprising, perhaps, is that the two types of company achieved comparable levels of delivery performance; one might have thought that firms making to customer order would have had a better record than the other group.

Another shortcoming established by the study is that even where formal measurement of delivery performance is carried out, there is not necessarily a formal comparison of delivery achievement between periods—in other words, though the data is being collected, inadequate use is being made of it.

The project is being led by R. P. Toone, Division of Management Studies, Derby Lonsdale College of Higher Education, Kedleston Road, Derby DE3 1GB. Tel. 0332-47181.

CAN YOU AFFORD TO WAIT?



Messages can be delivered faster and cheaper with CASE communications systems. To find out how the CASE "Electronic Mailbox" can help your company, contact CASE today.

CASE COMPUTER AND SYSTEMS ENGINEERING LTD

Make sure you profit from the Brno Trade Fair.

Colin Hellyer, Manager International Division, Newcastle Branch.

To make sure you get the most out of the Brno Trade Fair (13th–21st Sept.) you really ought to come and talk with Colin Hellyer, one of our experts on international trade, presently managing our Branch in Newcastle-Upon-Tyne, specialising in overseas business.

He can brief you on the regulations and procedures that affect your business.

He can advise you on who are the right people to talk to over there.

He can make sure you're fully prepared to handle business with Eastern Europe before you go.

You can talk to him on Newcastle-Upon-Tyne 20966, or in London, with Bryan Humphrey on 01-606 9944, ext. 5113.

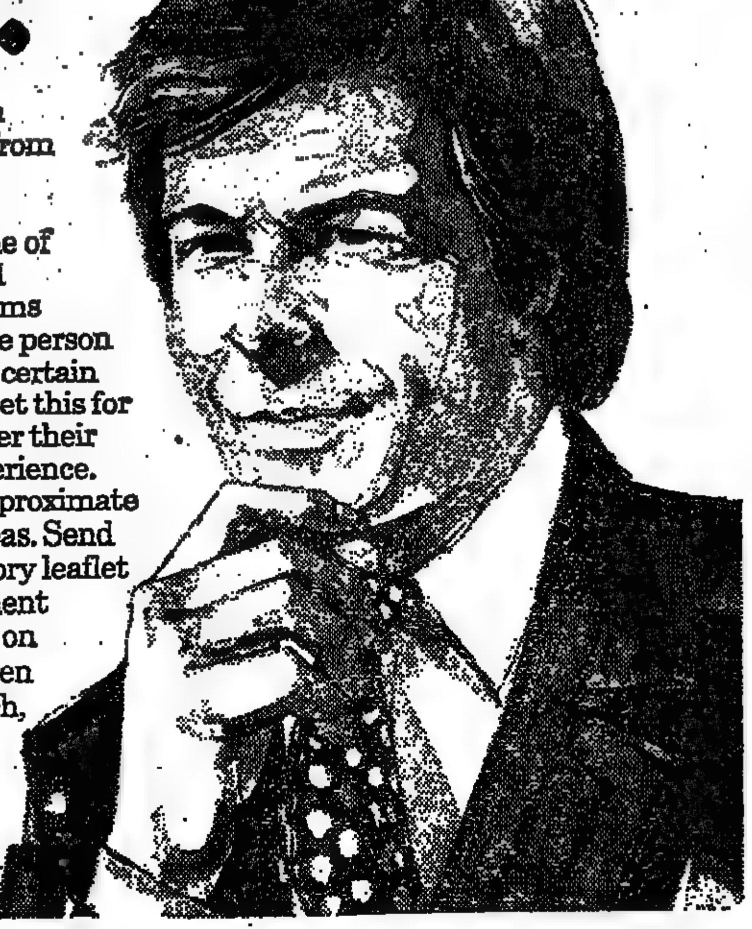
Colin Hellyer will be at the Fair to provide any further advice and help you may need. You'll find him at the EBIC House at Pavilion 6 (in front of Hall H) on the Brno Fair Ground. Telephone 314-2156 or 33 62 91. Telex 62492.

We deliver.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-6069944.

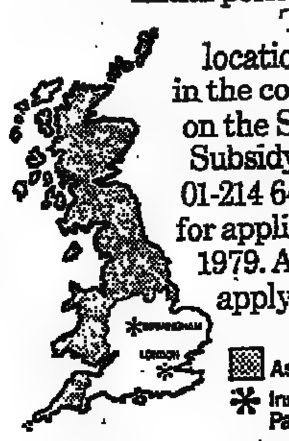
'I could do a lot more business. But I can't afford to staff up.'



If yours is a private manufacturing firm then you may be entitled to financial help from the Government.

If you employed under 200 people on 15th March 1978 in an Assisted Area, or one of the Inner City Areas within London and Birmingham, then under the Small Firms Employment Subsidy every extra full-time person you take on could get you £20 a week – and certain part-time workers £10 a week. You could get this for up to 26 weeks, which should see you over their initial period while they gain experience.

The map shows the approximate locations of the Assisted Areas. Send in the coupon for the explanatory leaflet on the Small Firms Employment Subsidy, or phone Jack Bellis on 01-214 6446. This scheme is open for application until 31st March, 1979. And the sooner you apply, the better.



Small Firms Employment Subsidy

Please send me details of the Small Firms Employment Subsidy Scheme, and the areas in which it applies.

Name________

Company________

Address________

Post to: Jack Bellis, Small Firms Employment Subsidy, P.O. Box 702, London SW20 8SZ, or telephone him on 01-214 6446.

Department of Employment DE

LOMBARD

Poverty and the humbug trap

BY PETER RIDDELL

THE DESIRABILITY of continued economic growth was a subject of heated debate in the early 1970s—those days of apparently endless affluence before the Fall. Now, of course, the prospect is rather different. Although most politicians remain committed to the priority of a faster rate of expansion, many doubt whether this will be possible; indeed some policymakers question whether it is even worthwhile to pursue this goal. There is now a widespread *recognition that in spite of North* Sea oil Britain may be condemned to several years of relatively slow growth by post-war standards. But does this slow growth matter?

In principle

This topic was discussed by Wilfred Beckerman in his presidential lecture to the economics section of the British Association. He argued that slow growth does matter, primarily because of its effect on poverty, rather than on inequality. This is so not merely from a factual point of view since slow growth seems to have increased poverty rather than inequality but because poverty is far more important now, in principle, than marginal changes in inequality. He maintained that it is anyway not possible to establish any firm general laws relating rates of economic growth to changes in inequality.

Mr. Beckerman's argument that slow growth has increased poverty, as measured in relation to the supplementary benefit scale, may be questioned because his figures only cover the period *of 1973 to 1975. Since then the* Government has not only improved the relative position of pensioners again but has also aided large and single-parent families by announcing substantial increases in child benefits. But other evidence, such as the rise in the number unemployed for more than six months, suggests that the period of slow growth has of itself left a substantial number in or near poverty.

His *fundamental point was that* attention in public debate should be devoted to alleviating this poverty—*for* which Mr. Beckerman gave the present administration insufficient credit—rather *than to reducing inequality.* He argued that "the day has long gone by when the principles of distributive justice could provide a useful operational guide to policy, particularly social policy, and that much of the talk that one hears these days about equality is humbug anyway."

This is, as they say, fighting talk since it questions what has hitherto been seen as a characteristic *feature* of the bundle of ideas, hopes and predudices which has distinguished the broad spectrum on the left from the right. Mr. Beckerman's case is persuasive up to a point. For example, he is right to assert that very few people really care about inequality of itself and that a lot of the talk about the issue merely represents an attempt to justify claims for improvements in one's own relative position.

Furthermore, according to Mr. Beckerman, even if the existing degree of inequality of income and wealth deviates from that which would be strictly required in the interests of some agreed set of principles of distributive justice, it is highly unlikely that on balance society is hurt by this deviation in concrete terms to the same extent as it is hurt by the existence of poverty.

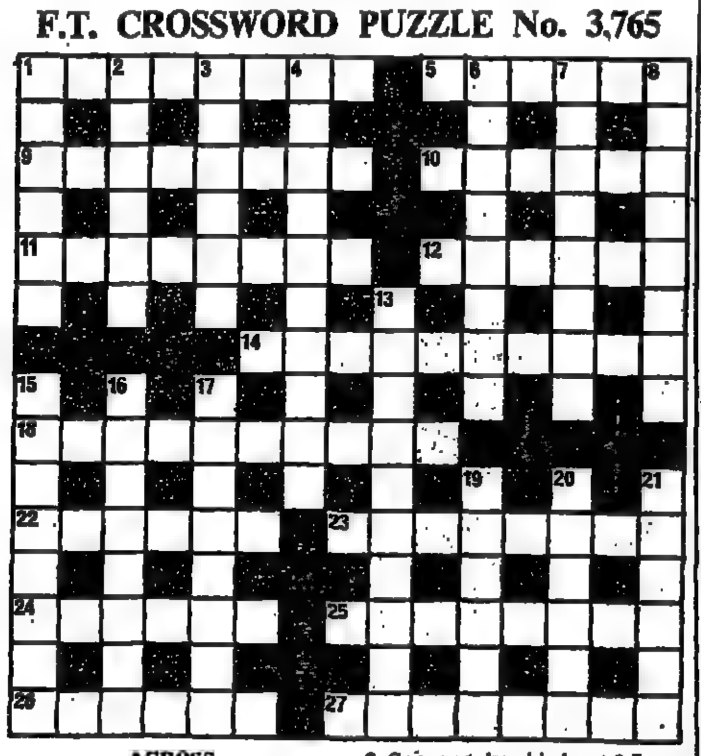
In addition, there is the problem of establishing a set of basic *principles of distributive* justice which can provide an operational guide to detailed social policies. This has proved to be a source of interminable debate among philosophers and political scientists in the last generation. Mr. Beckerman's view is that no such set of principles exists and that a simple-minded humanitarian approach is preferable. This is attractive in so far as it might *remove some of the pseudo egalitarian* impedimenta of the recent phases of pay policy such as *dividend* control and the reluctance to reduce the current higher marginal rates of income-tax. Moreover reducing inequalities *of pay would not* necessarily reduce poverty which is far from being coincidental with low earnings.

Inequalities

Yet Mr. Beckerman also begs many questions by concentrating on the desire to reduce inequalities of income. It is, for example, reasonable to argue both that the current income tax system has too egalitarian a bias and that the present distribution of wealth is unequal. It may be true that the gains to the poor from, for example, a wealth or capital accretions tax would not be substantial.

But such a drive to secure greater equality in the distribution of wealth, notably at inheritance, might advance social welfare judged by the criteria of equal opportunity. This is undeniably a treacherous area in which to seek any agreed view of distributive justice. But while much of the current debate about equality may be humbug, the issue will not go away.

F.T. CROSSWORD PUZZLE No. 3,765



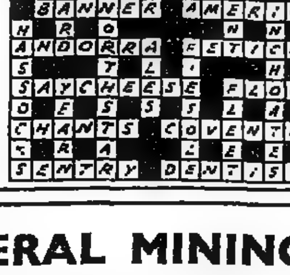
ACROSS

1 Steal Cockney measure (4-4)
5 Fastens sailors in ship (6)
9 Publicises outing from runway (8)
10 See vet get upset and pack up (6)
11 Bring down bird with a tap (4-4)
12 Remained behind and supported (6)
14 Record how old we are and deject (10)
18 Solvent and free of suspicion (2,3,5)
22 A farmer's transport—at sea? (6)
23 Scottish cattle Angus must follow (8)
24 Draw forth from Oriental with legal following (6)
25 Religion in his mud construction (8)
26 Offer to return red net (6)
27 Type of paint for food container (3-5)

DOWN

1 Husky Arab accepts article (6)
2 Fat on bacon (6)
3 Whole part of joint action (6)
4 Rodent getting cold in China (10)
6 Copper takes bird out? Leave off! (3,2,3)
7 Common but not on Sunday (8)
8 Notice I. mount outside and made firm (8)
13 Activity appropriate to motor-cyclist and cook (10)
15 Tendon that is lame and surrounded with cotton dressing (8)
16 Horse-stable I take on (8)
17 Get in ale for making glue (8)
19 Travels after soft families of lions (6)
20 Receive Oriental in approach to house (6)
21 Plate put up for beast (6)

Solution to Puzzle No. 3,764



GENERAL MINING & FINANCE CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Proposed subdivision of ordinary shares

The nominal value of the company's ordinary shares is R2 per share but the shares are traded on the Johannesburg Stock Exchange at approximately R33 per share.

The board of directors considers that a subdivision of ordinary shares would be in the interest of the company and to the benefit of shareholders.

A proposal that the existing ordinary shares of R2 each be subdivided in five ordinary shares of 40 cents each will be submitted to shareholders for their consideration.

By order of the board
R. A. Wilson,
Group Secretary.
7 September 1978.

General Mining Building,
6 Hollard Street,
Johannesburg 2001.

AROUND BRITAIN

ULSTER

Spreading out linen

BY RHYS DAVID

AT A time when the Government is apparently willing to spend some £45m on establishing a new sports car complex in Belfast, the suggestion that Northern Ireland could be making more of its earliest industry—linen—might seem parochial.

But it is a view that is now being put forward, and which in part lies behind the setting up earlier this year of a *new organisation,* International Linen Promotions, by the Paris-*based International Linen Com*mittee (CILC), which embraces the industry in Northern Ireland and in other parts of Europe. Though other bodies such as the Irish Linen Guild *already do valuable work in* promoting Ulster linen products, the ILP belief is that markets exist which are not yet being exploited, and its aim will be to act as a link between producers and potential customers.

It has to be said at the outset that the Ulster linen industry, as it is, is not in bad shape, and following the rationalisation that has taken place over recent years *is probably in* better shape than many other parts of the textile industry. Employment is down from 15,000 ten years ago to around 10,000, but while much of this is accounted for by the encroachment of synthetic fibre fabrics into traditional markets, investment in new equipment using less labour has also been important.

The spur for this rationalisa*tion has come from inside* and without. In the 1960's, after synthetics had begun to make their mark, some of the best-known Ulster names were acquired by British-based groups and *brought within the scope* of their household textiles operations. Thus Old Bleach became part of Carrington Viyella, Ewart Liddell is in the Vantona group, and Moygashel is part of Courtaulds. Among the remaining companies, mostly small- to medium-sized family concerns, there has also been a trend towards mergers over recent years, creating vertically integrated spinning, weaving and finishing companies.

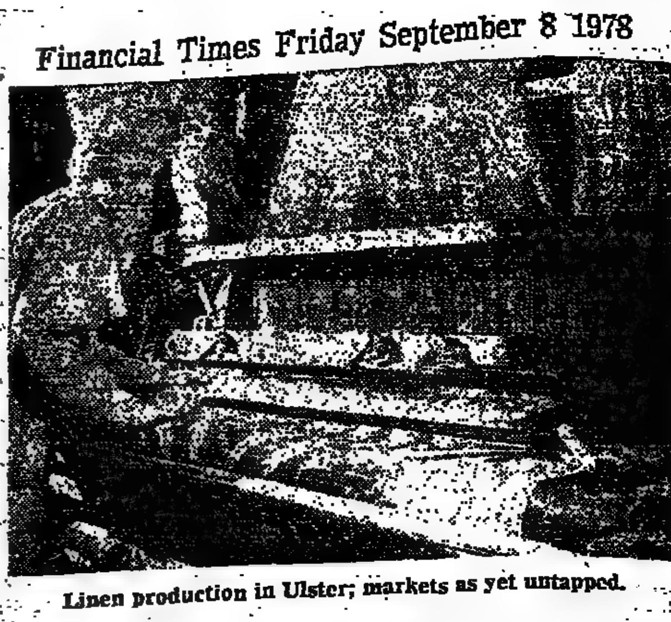
There is still a number of small independents among the 35 or 60 companies in the industry, however.

The industry, the raw material of which is the fibres which lie in the stem of flax (originally grown in Ireland and Scotland but now imported from Northern Europe) also has a good export record. Sales abroad of its various products—tea-towels, bed linen, furnishing fabrics, table linen, industrial cloths, suitings and yarns—topped £30m last year and have been growing year by year.

It is all commendable enough, but according to Robert Franck, chief executive of ILP, much more could be done in view of the special skills of the linen industry in Northern Ireland and the current strong market influence in favour of linen. For one of the main assets possessed by the industry in Northern Ireland is that it still has producers who use the wet-spinning process, which produces the finest linen yarn suitable for use in clothing. In France and Belgium, two other important linen-producing areas, the labour intensive wet-spinning process has disappeared. Such is the demand for this type of yarn—much of it is now used in the handkerchief trade—that some spinners supplying the yarn have closed their order books. The result, according to Mr. Franck, is that the industry is meeting only a small part of the potential demands which exists for the yarns for shirtings, blouses and other fine apparel.

In suitings, too, the Italians, the main manufacturers of linen suitings in Europe, cannot buy enough from Northern Ireland to meet their requirements. *Greater availability of supplies* would also create opportunities for UK clothing manufacturers to participate in the growing market for linen suits—now a much more practical *proposition following* the development of new finishes which combat linen's propensity to crease.

Other opportunities are there to be exploited at the other end of the scale in much coarser materials, it is also claimed. Textile wall-coverings now have an estimated 10-15 per cent of the wall-coverings market in France, Italy and Germany and as much as 25 per cent in Scandinavia. But in the UK linen and jute manufacturers have so far managed to capture only 1 per cent.



Linen production in Ulster; markets as yet untapped.

The linen industry in Northern Ireland has backed the establishment of ILP, which many producers feel could play a valuable role in stimulating awareness among the public, designers, manufacturers and retailers of the product. The promptings of ILP are at this stage being treated, however, with some *caution.*

The bigger groups controlled from outside the UK are largely committed to table linen and other household goods, and to blends with polyester. They are reluctant to expand into speculative new linen activities. For the smaller groups, considerable risks as well as considerable outlay might be involved in trying to satisfy what might be a fickle fashion trend towards linen. There are technical problems, too, in producing finer quality linens, as Robert Boyd, a director of Irish Linen Mills and Northern Ireland director of ILP, explains. Fine-quality linen requires the best-quality flax and this depends on the crop from year to year. The two drought years of 1975 and 1976 were bad for flax and suppliers are only now recovering.

The finer qualities are also difficult to produce on high speed equipment, and there remains a problem of securing sufficient labour to operate traditional equipment. This has been one of the reasons why several companies have moved out of Belfast, the main centre of the industry, into Ulster's countryside over recent years.

But although the more adventurous approach now being pressed on the industry clearly has its risks, there are dangers, too, in the industry failing to take advantage of the strong trend towards natural products such as linen, in consumer markets. The industry is already under strong competitive pressures in its traditional markets around the world. The decline of the dollar has hit sales this year in the U.S., one of the industry's biggest export markets.

The need, according to Mr Franck, is for the industry to continue doing all that it is currently doing well, but to add other items to its range. It is a task which the industry may not be able to undertake without the injection of new capital the most likely source of which would be government. If the prospects for linen are as encouraging as ILP believes, it could yet turn out, however, to be one of the most cost-effective solutions yet tried in the battle for jobs in the province.

Bolton School confident nap

RACING

BY DARE WIGAN

LORD LEVERHULME'S colours have a strong following at Chester, for this is his local course, and he has a runner there this afternoon, in Bolton School, who goes for the Combermere Stakes.

Bolton School, a half-brother, by Song, to Hot Grove, is a reasonably confident selection.

Fulke Johnson-Houghton, whose family, like Lord Leverhulme's, stems from Cheshire, saddles two runners in addition to Bolton School—Don Fernando in Division II of the Grey Friars Stakes and Kelly's Corner in the Rouge Rose Stakes.

Both are likely to go well, though Don Fernando may not find it easy to cope with the Queen's unraced filly, Jubilee.

In Div. I of the Grey Friars Stakes I like the look of Manawa, who finished a close second to Queen's Niece at Chepshow the other day, with the rest of the field a long way beihnd.

Piggott will be at Lingfield this afternoon, primarily to ride Miss Mirage and House Guard for his brother-in-law, Robert Armstrong.

Both have ben running well throughout the season, and House Guard, in particular, put up a bold display when runner-up to Fighting Lady in a competitive event at Newmarket at the end of July, with Fetered, an easy winner at Folkestone last Tuesday, third, in receipt of 24 lb.

I doubt whether 9 st 11 lb will prevent House Guard from winning here.

At Carlisle, The Cleaver, who was backed down from 4-1 to 5-2 before winning a maiden race at Catterick last month, is the likely winner of the Castle Carrock Nursery Handicap.

CHESTER

2.15—Manawa**
2.45—Bolton School***
3.15—Hedge School
4.15—Kantado
4.45—Kelly's Corner
5.15—Jubilee

LINGFIELD

3.30—Miss Mirage
4.00—House Guard*

CARLISLE

3.30—The Cleaver

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 3.45 Saskatchewan. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Pink Panther. 5.10 Play Away.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 Tom and Jerry.
7.05 Hoe-Down.
7.40 Young Dan'l Boone.
8.30 The Fall and Rise of Reginald Perrin.
9.00 News.
9.25 Petrocelli.
10.15 Tonight—In Town (London and South-East only).
10.45 Regional News.
†10.46 The Late Film: "Mutiny on the Bounty," starring Charles Laughton.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 pm Nant-y-Pant. 5.10 Telifant. 5.35-5.40 Crystal Tipps and Alistair. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.15-7.45 Cawl a Chan. 8.00-8.30 Hoe-Down. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 The Norman Maclean Series. 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Star Brass. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) on Camera; Midlands (Birmingham) Look! Hear! A Midsummer Night's Rock; North (Leeds) BBC North Young Music Makers; North East (Newcastle) Friday North; North West (Manchester) Northwest of Westminster; South (Southampton) Keep Yesterday for Tomorrow; South West (Plymouth) Peninsula; West (Bristol) An Opera Is Born.

BBC 2

Trades Union Congress—"Live" coverage at times to be announced.

6.40-7.55 am Open University.
11.00 Play School.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Children's Wardrobe.
7.30 News on 2.
7.40 Six English Towns.
8.10 Fortissimo Jones.
8.55 Magoo on 2.
9.00 *The Goodies go scouting.*
9.30 Horizon.
10.20 Don't Forget To Write!
11.15 Late News On 2.
11.25 Closedown (Reading).

LONDON

9.30 am *Talking Bikes.* 9.55 Where the Curlew Calls. 10.25 "Warpath," starring Edmond O'Brien. 12.00 The Learning Tree. 12.10 pm Rainbow. 12.30 Look Who's Talking. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Stars War. 2.00 "Hotel," starring Rod Taylor. 4.15 The Flockton Flyer. 4.45 Runaround. 5.15 Thames Sport.
5.45 News.
6.00 After Noon in Action.
6.30 Emmerdale Farm.
7.00 Krypton Factor.
7.30 The Rag Trade.
8.00 3-2-1.
9.00 The Foundation.
10.00 News.
10.30 Police Five.
10.40 "Hullabaloo Over Georgie and Bonnie's Pictures," starring Peggy Ashcroft.
12.10 am George Hamilton IV.
12.40 Close—Dorothy Tutin reads from The History of England by Jane Austen.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Child Life In Other Lands. 9.55 Tulip Fiesta. 10.20 The Little House on the Prairie. 11.05 Tell Me Why. 11.30 Magic Circle. 1.25 pm Anglia News. 1.30 Those Wonderful TV Times. 2.00 Summer After Noon. 2.25 Friday Film Matinee: "Seven Golden Men." 5.15 Bygones. 6.00 About Anglia. 10.30 Cross Question. 11.00 Friday Late Film: "Assignment Munich." 12.45 am Men who Matter.

ATV

10.10 am Above The Horizon. 10.30 Friends Of Man: Elephants. 10.55 Coventry Cathedral. 11.35 Magic Circle. 1.20 pm ATV Newsdesk. 1.30 Stars On Ice. 2.00 Summer After Noon. 2.25 Family Film Matinee: "Boy, Did I Get A Wrong Number." 5.15 Happy Days. 6.00 ATV Today. 10.30 Soap. 11.00 The ...

GRANADA

12.35 am Grampian Late Night Headlines.

9.30 am Sesame Street. 10.25 Valley of Dinosaurs. 10.45 Cartoon. 10.55 The Nature of Things. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 1.30 Gambit. 2.00 After Noon. 2.25 Friday Matinee: "Columbo." 4.20 Cartoon. 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. †11.00 Friday Film: "Shock Treatment."

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

BORDER

CHANNEL

GRAMPIAN

RADIO 1 247m

(s) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Sports Desk (joins Radio 2). 10.02 Paul Gambaccini (s). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (s) including 6.15 Pause for Thought. 7.32 Ray Moore (s) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (s). 12.15 ...

RADIO 3 464m, Stereo & VHF

RADIO 4 434m, 330m, 285m and VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight & Wed. at 7.30 La Bohème. Tomor. Tue. & Thur. at 7.30 Cavalleria Rusticana/Pagliacci (final perfs.) 104 balcony seats avail. for all perfs. from 10.00 on day of perf.

THEATRES

HAYMARKET. 930 9832. Evgs. 8.00. Wednesday 2.30. Saturday 4.30 and 8.00. PAUL SCOFIELD, HARRY ANDREWS, ELEANOR BRON, TREVOR PEACOCK and IRENE HANDL in A FAMILY. A new play by RONALD HARWOOD. Directed by CASPER WREDE. "An admirable play, honest, well conceived, properly worked out, freshly and ...

THEATRES

SAVOY THEATRE. 01-836 8888. Credit cards 734 4772. Tom Conti in WHOSE LIFE IS IT ANYWAY? with JANE ASHER. "A MOMENTOUS PLAY, I URGE YOU TO SEE IT." Guardian. Evs. at 8.00. Fri. and Sat. 5.45 and 8.45.

SHAFTESBURY. CC. 01-836 6596-7. 01-836 4255. Half-price Previews ...

CINEMAS

...ymarket, Leicester

Misalliance by B. A. YOUNG

Leonard Burt

Linda Thorson and Hubert Gregg

...sofar as there is a consistent ...me in Shaw's *Misalliance*, it ...ls with the impossibility of ...munication between parents ... children. The word "mis-...ance" is only used of a pro-...ed marriage between Bentley ...merhayes, played by David ...son with the appearance and ...aviour of a 10-year-old, and ...patia Tarleton, of whom Eliza ...Clelland makes a Betje-...esque sportsgirl. The barrier ...e is one of class, Bentley ...g the son of a retired Colonial ...ernor and Hypatia the ...ghter of a wholesale draper.

...ut this line is not followed. ...eed, dozens of hares are ...ized and not pursued; only ... matter of family loyalties ...sists. Old John Tarleton ...bin Wentworth, waving his ...s like Magnus Pyke to ...ance his beliefs) takes the ...vian line that between ...ents and children there must ... a great gulf fixed. Lord Sum-...hayes, to whom Hubert ...gg gives a diplomatic dignity ... a voice like creme caramel, ...ontent to leave his children ... Harrow and Cambridge. But ... the whole of an act, argu-...nt consists of shooting-star ...ions that flicker across the ... merely for their conversa-...al value.

...hen Shaw grows tired of ...tter, or perhaps short of ...as, and an aeroplane glides ...oss the stage to crash in the ...enhouse and release to the ...pany Joey Percival, a young ...tocrat (Terence Hillyer), and ...a Szczepanowska, a Polish ...obat — Linda Thorson in leather breeches that recall her old days in *The Avengers*. If that weren't enough, a young man then arrives waving a gun with which he intends to shoot Mr. Tarleton for having betrayed his mother many years before, and takes refuge in a portable Turkish bath that just happens to be standing in the drawing-room. Shaw makes an absurd caricature of this romantic young socialist, but Warwick Evans plays him with much more skill than he deserves.

From this point, the play dissolves into a welter of farce and even though there is some further matter at the end, mostly connected with contrasted standards of behaviour, there is nothing else to be taken even half-seriously. But there are some good laughs, and Michael Meacham's direction makes the most of them. For me, though, nothing equalled the appearance of that aeroplane over Adrian Vaux's admirably vulgar drawing-room.

GENERAL MINING & FINANCE CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE HALF-YEAR ENDED 30 JUNE 1978 AND DIVIDEND ANNOUNCEMENT

CONSOLIDATED FINANCIAL RESULTS	Six months ended 30 June 1978	1977	Year ended 31/12/77
SUMMARY			
Earnings per share	340c	257c	520c
Dividend per share	105c	90c	225c
Net asset value per share	5,923c	4,627c	5,452c
Total number of shares	8,322,736	8,319,236	8,322,736
INCOME STATEMENT	R'000	R'000	R'000
Operating income	69,147	60,179	127,025
Income from investments	23,086	20,841	41,302
Surplus on realisation of investments	1,997	1,146	3,545
	94,230	82,166	171,872
Less:			
Amortisation of mining investments and mining assets	3,564	4,553	9,559
Interest paid	17,144	17,412	30,746
Exploration and development costs	6,068	5,413	9,734
Provisions against investments, advances and other assets	—	—	7,958
	26,776	27,378	57,997
Group income before taxation	67,454	54,788	113,875
Taxation	13,474	14,052	27,614
Group income after taxation	53,980	40,736	86,261
Outside shareholders' interest and preference dividends	25,660	19,336	42,995
Income attributable to ordinary shareholders	28,320	21,400	43,266
Ordinary dividends			
interim 105 c.p.s. (90 c.p.s.)	8,645	7,396	7,396
final (135 c.p.s.)	—	—	11,100
Income retained	19,675	14,004	24,770
BALANCE SHEET			
Ordinary shareholders' interest	279,911	247,429	257,317
Outside shareholders' interest	319,701	316,910	313,000
Group equity	599,612	564,339	570,317
Loan capital	190,209	177,003	160,410
Preference share capital—6%	500	500	500
Deferred taxation	37,206	35,735	36,796
Capital employed	827,527	777,577	768,023
Employment of capital			
Investments—listed	242,874	216,495	241,357
—(market value)	(462,526)	(344,782)	(445,123)
—unlisted	52,832	53,068	50,916
—(directors' valuation)	(150,901)	(117,367)	(136,981)
	295,706	269,563	292,273
Fixed and mining assets	396,753	367,810	377,877
Current assets	506,619	436,564	413,534
	1,199,078	1,073,937	1,083,684
Current liabilities	371,551	296,360	315,661
Net assets	827,527	777,577	768,023

NOTES TO THE INTERIM REPORT

1. **Provision against investments.** No provision has been made against investments in the accounts for the half-year as this provision is considered at the year-end.
2. **Subsidiary companies.** During the period under review General Mining increased its effective holding in Union Corporation from 46.0% to 46.5% and Union Corporation increased its holdings in the following subsidiary companies as set out below:

Effective holding at	30 June 1978	31 December 1977
Darling & Hodgson Limited	54%	52%
Evelyn Haddon & Co. Limited	55%	52%
Sappi Limited	53%	51%

3. **Final Dividend 1977.** The final dividend no. 104 of 135 cents per share declared on 14th March 1978 in respect of the year ended 31 December 1977 was paid on 5 May 1978 and absorbed R11,100,000.
4. **Beisa Mines Limited.** As announced on 18th July 1978 Beisa Mines Limited, a wholly owned subsidiary of Union Corporation, is to explore an area south of Welkom in the Orange Free State for uranium with gold as a by-product. Capital expenditure in current terms is likely to be of the order of R200 million but in practice, will be higher due to the effects of inflation. A long-term contract has been concluded covering the sale of a substantial portion of the output of uranium to be produced.

On behalf of the Board
W. J. de Villiers } Directors
J. L. van den Berg }

DECLARATION OF DIVIDEND

NOTICE IS HEREBY GIVEN that an interim dividend No. 105 (Coupon No. 107) of 105 cents per share in respect of the year ending 31 December 1978 has been declared payable to members registered at the close of business on 22 September 1978, and to holders of share warrants to bearer surrendering Coupon No. 107.

The register of ordinary shareholders will be closed from 23 September to 6 October 1978, both days inclusive.

No instructions involving a change of the office of payment will be accepted after 22 September 1978.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 23 October 1978, or on the first day thereafter on which a rate of exchange is available.

Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Dividend warrants will be posted by the transfer secretaries mentioned below, on or about 3 November 1978.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By Order of the Board
L. W. Humphries
London Secretary

Head Office:
6 Hollard Street, Johannesburg 2001
(P.O. Box 61820, Marshalltown 2107)

London Office:
Princes House, 95 Gresham Street,
London EC2V 7EN.

Transfer Secretaries:
United Kingdom:
Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford, Kent TN24 8EQ.

South Africa:
Union Corporation Limited,
Share Transfer Department,
74-78 Marshall Street, Johannesburg 2001.
(P.O. Box 61357, Marshalltown 2107.)

7 September 1978.

Cinema

The Gospel according to Dylan

by NIGEL ANDREWS

Renaldo and Clara (A). Camden Plaza.
Heaven Can Wait (A). Plaza.
The Silent Partner (AA). ABC Shaftesbury Avenue.
The Silent Flute (AA). Columbia.

Renaldo and Clara is a four-hour Folk Testament made for the post-Christian age. It contains the Gospel according to Bob Dylan, the acts of his apostles (including Joan Baez, Ronee Blakley and Allen Ginsberg) and much diverse and quadraphonic spreading of the Word. Songs, documentary footage, improvised scenes, all shot on or around Dylan's 1976 Rolling Thunder Revue tour, come together in what the Press blurb calls "the ultimate Road Movie." Dylan's philosophy, distilled from the '60s-born wisdom of The Movement, soaks through the film like some mystic ether and his own sprite-like presence, flower-hatted and lean-jeaned, flits through the film defying us to see him either as the Star or the Myth but rather as some Puck-like master of ceremonies, donning whatever persona suits the moment.

He does not, for example, play Bob Dylan. He and his wife Sara play the eponymous Renaldo and Clara, while Ronnie Hawkins and Ronee Blakley (of *Nashville* fame) play Mr. and Mrs. Dylan. That little confusion, if you can unscramble it, is the tip of the iceberg. The film piles enigma on enigma, resolutely following no story-line, but loosely pegging the mood and meaning of individual scenes to the songs which precede or follow them. There are 47 of these, some merely heard on the soundtrack, others filmed head-on at Dylan's concert appearances, and the images and references fly out from them into the non-musical action so fast that your ears, eyes and brain have to be on Red Alert throughout to catch them.

The film leaves one in a state of high bewilderment, and "high" is the operative word. The mysteries exert an authentic fascination, and after a single viewing I shall go out on a nervous limb and say that *Renaldo and Clara* is probably the most important film of the year.

It is a single-minded and hugely ambitious work while appearing to be a totally ramshackle one. Its singleness of purpose lies in its effort to define a new morality, a new "religion," a new sense of direction for an age which has lost faith in doctrinal Christianity. Dylan does not set himself up in the film as the new Messiah: rather in his chameleon role, and in those of his fellow actors, he has sought an image for the pantheist philosophy which is the heritage of the '60s and '70s hippy movements. It is a God-in-each-of-us credo, and the film early on counterpoints documentary footage of two hot-gospellers haranguing a street crowd in New York with the less hectoring "teaching" of Dylan and his friends.

The search for common denominators or a common heritage on which to base the new religion takes the film on an ancestral odyssey through America: not only to puritan New England but to Mexican and Indian milieux. Modern political issues are invoked, as if in antiphony, with scenes in Quebec City and a long section about "Hurricane" Carter, a black boxer wrongly imprisoned for ten years and who on his release became a focal point for minority America's sense of civil—and racial—injustice.

The film is a crazy quilt of fact, fiction and music; and each category causes its problems. The facts often require a grounding in recent American news-history (as in the Hurricane Carter case), and the baffling fiction of the central Renaldo and Clara episode (in which Renaldo-Dylan and Clara-Sara are visited by Joan Baez as a "woman in white," with whom a long, semi-inaudible confrontation ensues) would take more than one viewing to fathom. The music, by contrast, has a primal force and beauty that transcends literal comprehension. And in the last reckoning, it is that intuitive genius lent to the cutting and shaping of the film that gives *Renaldo and Clara* its unique rhythm and impact.

*

Heaven Can Wait is a whimsical Hollywood comedy about the resurrection of an American football quarter-back. Unfairly snatched up to Heaven just before a would-have-been-fatal motor-cycle crash, footballer Warren Beatty meets archangel James Mason and is compensated for the celestial error by being allowed to return to Earth on a 50 years credit basis. There is, however, a snag. His earthly body has already been cremated and so his soul must find another frame to inhabit. Imminently dead persons are duly sought, and Beatty soon finds himself occupying the body of a freshly slaughtered millionaire, done in by his wife Dyan Cannon and her lover Charles Grodin.

Julie Christie and Warren Beatty in 'Heaven Can Wait'

Book Reviews appear on Page 11

Beatty takes on not only the body but the responsibilities it carries: chiefly how to handle Board meetings, how to turn a blind eye to his wife's infidelity, and how to cope with an impassioned young English girl (Julie Christie) protesting at the oil refinery his company is building in her village. Meanwhile, he summons to the mansion his old football coach (Jack Warden) in the hope of getting his new body into shape for a return to his football career. And now view on . . . .

This extraordinary overdressed soufflé of a film was written by Elaine May and Warren Beatty, and directed by Warren Beatty and Buck Henry. Fine credentials indeed—May and Henry are among the best comic minds in Hollywood—but far from reflecting them, the film increasingly resembles the ghost of an old Frank Capra comedy come to wag an avuncular chain at the new permissive age of cinema. Dyan Cannon and Charles Grodin apart—who as the adulterous lovers switch with engaging brio between mad passion and cover-up equanimity—the film is an almost irredeemably insipid and old-fashioned work.

The strangest thing about it is that it has been minting money at the American box office, topping charts also inhabited by such giants as *Close Encounters* and *Saturday Night Fever*. There is no accounting for tastes. Fresh from his assault on sexual taboos in *Shampoo*, actor-producer-director-writer Beatty has turned round and walked in the opposite direction by making a comedy as sweet and pink and frilly as a wedding cake. There is nothing more delightful than innocent comedies made in an Age of Innocence. But we do not live in such an age today, and innocent comedies made in an Age of Experience smack of the maudlin, the regressive or even the outright fraudulent.

*

The Silent Partner stars Elliott Gould as a bank teller who robs his own bank under cover of a real robbery by Christopher Plummer. Privy to advance knowledge that Plummer is going to raid the bank, Gould stashes away most of his desk cash in his own briefcase and then, after the raid has taken place, tells his colleagues that it disappeared with the thief. Plummer, however, knows differently and, cheated of his proper haul, swears vengeance.

Some imp of the perverse has gone in for some ripe miscasting in this film. Gould's dopey neanderthal presence is almost inspirationally ill-suited to the role of sleek-brained anti-hero, and Christopher Plummer plies his degage smirk in a part pleading for a touch of the wild and maniacal. There are moments of ingenuity in the script, but the film is directed by Daryl Duke (of *Payday*) at such a drowsy, TV-thriller tempo that when mayhem finally erupts in the last reel — with a decapitation, a drag disguise by Mr. Plummer and a multiple shooting—one wonders if one has suddenly been transported to a different cinema.

*

The Silent Flute is another of Hollywood's searches for the Wisdom of the Ages. In a desert land somewhere near the dawn of time, a young warrior named Cord (Jeff Cooper) sets out to find the legendary Zeetan in the hope of defeating him in battle and of gaining the Book of Enlightenment that he, Zeetan, guards. After many trials, including a fight with Monkey men, a duel with Death and a meeting with Eli Wallach (up to his neck in a vat of oil, for reasons I would rather explain under plain cover) he reaches Zeetan's fortress island, conquers and finds enlightenment. During his quest, he has been helped by a blind flautist played by David Carradine, who also doubles as sundry antagonists.

This film has the rainbow-hued eccentricity of one of those pop mythological comic strips, and the dialogue is all in richly solemn speech-balloonese. "They are the Near Ones," says Zeetan to Cord, pointing out a group of monks staring glumly into the middle distance: "They are studying the perfecting of perfection." The film belongs to that category of movies difficult not to enjoy on a level of basic, or possibly advanced, kitsch: and the screenplay has the added, curious distinction of being based on an original idea by the late Bruce Lee.

New Theatre, Cardiff

The Makropoulos Case by RONALD CRICHTON

Edward Byles, Elisabeth Söderström, Thomas Hemsley, Mark Hamilton and Helen Field

The second stage of the Janacek cycle shared by Welsh National Opera and Scottish Opera, of which *Jenufa* was the first brought *The Makropoulos Case* to Cardiff on Wednesday night. Prospective visitors from other parts (and if *Jenufa* is anything to go by, there will be many) should note that Birmingham is the only other city where *Makropoulos* will be given this season—Hippodrome, September 19 and 23. The responsible team is once again Richard Armstrong as conductor, David Pountney as producer, Maria Bjornson as designer. And as with *Jenufa*, the first-night performance hadn't quite settled down but was nonetheless full of promise and excitement.

The central role of Emilia Marty is taken by Elisabeth Söderström. Marty is an opera star of the twenties who gradually reveals that she has been alive since 1585, when she took an elixir prepared by her father, a Cretan physician named Makropoulos, for the alchemically-minded Emperor Rudolf II. This artist has won a unique place as a singer-actress in the hearts of the British opera public. In case the term "singer-actress" seems a limitation, it is worth insisting that, as she showed again on Wednesday, Miss Söderström is a very good singer indeed. She is also an excellent linguist. Her handling of the English text in *The Makropoulos Case* — an opera where the understanding of what is being said is more than usually essential — was almost faultless: yet she also sings the role in the original Czech, in her native Swedish and in French.

Only a few phrases were slightly misaccentuated and a few low-lying ones covered by Janacek's often jagged orchestral writing—in English at least these must be terribly hard for a soprano without a heavy chest register. Otherwise —delight and admiration for this portait of a woman warmly attractive and supremely elegant as well as mysterious, full of humour and mockery, outrageous at times, her deep disillusion with human nature (of which she has experienced about four times as much as normal women do) leading to a profound weariness which may include self-disgust but notably excludes self-pity.

Söderström is a lyric soprano, without the sheer weight of tone to bring off the scene of Marty's final confession before she chooses to die by purely vocal means, as Kniplova did when the Prague Opera brought *Makropoulos* to Edinburgh. But the heavier kind could scarcely hope to bring to the earlier scenes such a light, subtle but also sharp touch. The first encounter between Emilia and the lawyer Kolenaty (played and sung by Thomas Hemsley with virtuoso command of rapid enunciation that never got in the way of a brilliant sketch of an irritable old legal fusspot) was by any standards comedy of a high order. Nobody else quite reaches the level of these two, yet the general level is most accomplished. Mark Hamilton's Gregor, Neil Howlett's Baron Prus, both divided between greed for money and lust for Emilia, Nigel Douglas as the dotty old admirer from earlier days, Hauk-Sendorf (important as the first to establish that Emilia has at least one previous existence behind her) would grace any company.

David Pountney's production, so successful with the main characters, shows a less certain touch with the smaller roles. Helen Field's potentially effective Kristina is too strident, too much a caricature — would Emilia, except as a cruel joke, have offered the elixir to this gauche girl? The harmless and unimportant hotel chambermaid is needlessly guyed by Caroline Baker. Edward Byles as the clerk Vitek, on the other hand, is just right. As his son Janek, who gives up Kristina to kill himself for love of Emilia, Arthur Davies sings with modest charm, though I fancy a candidate for Emilia's bed favours would have smartened himself up a bit more. For one moment in the second act, where Emilia becomes a kind of Lulu-in-aspic, Mr. Pountney strikes a false note with the group of admirers, but his handling of the final scene is excellent.

Maria Bjornson's set has tortured black walls (black is the stage designer's conventional response to anything Central European or expressionist) with see-through lighting that suggests Broadway at Night as much as anything. The stacks of files and desks for the lawyer's office and the baroque throne for the theatre scene are both happy. Less so the hotel bedroom, cluttered with half-invisible symbols of Emilia's protracted past—here a certain naturalism is essential precisely to set off the strangeness of her confession. The anonymous translation needs a good deal more work. It isn't pedantic, surely, to complain that if Capek, on whose play Janacek based his libretto, had wanted the so frequently-used name of Marty to rhyme with "party" he would have spelt it differently—the "r" needs to be sounded.

The playing of the Welsh Philharmonia under Richard Armstrong showed that already the general atmosphere and much of the detail have been safely captured. Janacek's later operas are difficult to get right at first—the insistent, disruptive short figures must be related to the quieter, more sustained writing and the whole must be bound into a single flow which supports the voices without becoming subservient. The flow was not always there on Wednesday—Mr. Armstrong could allow more warmth to creep into the final pages under the prima donna's voice, but everything pointed in the right musical direction. The large audience was extraordinarily quiet for a Cardiff first night. If there was a certain feeling of astonishment that is hardly surprising: at a first meeting *The Makropoulos Case* is a strange and wonderful work indeed, and fortunately neither the strangeness nor the wonder wears off with repeated hearings.

Wigmore Hall

The Allegri at 25

by NICHOLAS KENYON

Though it was founded 25 years ago this season, the Allegri Quartet has often changed its membership; on Wednesday night it began a series of four anniversary concerts at the Wigmore Hall with two players (second violinist and cellist) who have been with the ensemble for about a decade, and two who joined as recently as last year. Each programme includes a work by Haydn, Mozart and Schubert, and features a guest artist: on Wednesday the Schubert work was his "Death and the Maiden" Quartet, part of the cycle which the Allegri are currently recording, while the guest (in Mozart's Clarinet Quintet) was Jack Brymer.

The Quartet's name has nothing to do with the speed of their performances, though one might have been forgiven for thinking so after the scintillating *allegrissimo* account of the finale to Haydn's Op 77 No 1, with which they began. (The name is apparently based on the charming but fallacious idea that Gregorio Allegri of *Miserere* fame was "the first composer to write for a string quartet" at the start of the 17th century!) Problems of unfamiliar personnel reared their head only in the first movement, where Bruno Schrecker's reserved cello tone failed to match the bright openness of Peter Carter's violin sound in some of Haydn's wittiest writing. The Quartet could have surprised us more at the astonishing start of the development, instead, they kept Haydn's fancies within an admirably tight rhythmic framework.

The perfectly homogeneous quartet sound presented in the sublime Adagio clearly owed much to the firm, responsive balance of the inner parts—Peter Carter's enthusiasm led him into some ill-considered portamento in the theme, and the occasional faltering of his intonation created passing problems, but they were quickly resolved. A less heavy touch in the Minuet and the occasional lightening of articulation in the finale would not have come amiss — though the Allegri's interpretation was one of strength and toughness, well sustained. Flexibility will surely grow with familiarity: all the makings of a very fine quartet are there.

In the Mozart, Jack Brymer played with enviable coolness and easeful lyricism: he cultivated a beautiful mellow *mezza voce* in the *Larghetto*, and was disappointingly four-square only in the first movement—the finale was full of nicely sprung rhythms. All five players worked wonders of concentration against the background of a chair which creaked unbearably throughout the whole proceedings.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Friday September 8 1978

A high-risk strategy

MR. CALLAGHAN'S decision to hang on will be condemned by his critics as indecisiveness and praised by his admirers as an act of great political and personal courage. There can be no doubt that if he now loses an election—whenever it may be—there will be no lack of those in his party who will say: "If only you had gone in October, we would have won." Presumably, the Prime Minister is confident that they will not get the chance. But the political calculation must have been a fine one.

Referendum

It probably went something like this. With the possible exception of "Industrial Democracy," there is no really major piece of legislation which the Government is now committed to getting through. The Liberals must be anxious to avoid a general election at this particular time if they possibly can. The Scottish Nationalists have been promised their referendum and thus have a strong inducement to keep the Government in office until after that has been held. The Prime Minister must have assumed that there is a real chance that, provided nothing controversial is attempted, the small parties will keep the Government in power until he chooses to call the election.

Almost certainly, there is one further strand to his thinking. There can be no doubt that the 5 per cent pay limit is central to the Government's economic policy. The Prime Minister may well have felt that an election campaign fought with the TUC's total opposition to any form of pay restraint uppermost in everyone's mind was in the end bound to lead to defeat. Now, he will be able to say to any union or group of workers who rebel against the limit that they are endangering the survival of the Labour Government and robbing it of any prospect of winning.

Whether such appeals will affect the level of claims and settlements remains to be seen. But at least the attempt to make the limit stick will demonstrate whether — in circumstances which could not conceivably be better from the Government's point of view—a tough incomes policy can now be made to stick. The question whether incomes policy as such is desirable is of course another matter.

Whatever the reasoning behind the postponement of the election, however, there can be no doubt that it is a high risk strategy, not merely for Mr. Callaghan personally and the Labour party, but also for the country. The strongest argument for getting it over with is that for months now the country has been witnessing an election campaign. After 18 months of praiseworthy financial rectitude from the Government the last Budget represented at the least a wobble from the straight and narrow path of virtue. It was the Liberals and the Conservatives who forced through income tax changes which one Minister after another had declared to be sensible and desirable until the moment came to act. At that stage it was the imagined feelings of the party activists which won the day.

The pressure on Ministers, already great during the past few months, to take economic and industrial decisions on political grounds will from now on mount inexorably. Inevitably, job preservation, the rescue of companies which ought to be allowed to go under, the pandering to special interest which carry political clout will appear ever more tempting. The whole economic and political debate is bound to be conducted in ever shriller tones. Mr. Callaghan may well find that the statesmanlike image which has been a major asset to him in policy-making as well as in political terms will suffer a series of dents.

Unemployment

None of this would matter too much if the economic outlook were set firmly fair. But this is not the case. It is true that the situation is incomparably better than it was two years ago, and for this the Prime Minister undoubtedly deserves his share of the credit. But the present consumer bom is unsustainable, the unemployment picture uncertain, public spending is rising again, and the prospects for international trade more worrying than for some time past. A Government hanging on by its fingertips, is not in a good position to deal with any problems that may occur, especially when preoccupied with its electoral chances. The Prime Minister may have put off polling day, but the campaign will continue.

A non-party manifesto

ELECTION or no election, the Confederation of British Industry has done everyone a service by publishing its own policy document, Britain Means Business 1978. The themes are familiar, yet it offers what is in some ways a startling view of *our position and prospects.* Many objectives which seemed hopelessly visionary — or reactionary, according to taste—when they were first set out only three years ago now seem a good deal more realistic. The danger is that growing prosperity increases the opportunity for relapsing into the bad old ways.

Commonsense

So far as basic economic policies are concerned, time and crisis have shown that much of what the CBI has always preached is plain commonsense. The demands made in 1975 for a standstill in public spending to finance massive tax cuts sounded like a call to revolution. By 1978, the gap between the CBI's target for public spending and the plans of a Labour government have narrowed to a matter of 2½ per cent of GDP, or £4bn, over the next three years—an adjustment, rather than a revolution. Successive sterling crises have proved a more effective school for Ministers than the CBI can have dared to hope.

Now, of course, the production of North Sea oil has made crises less likely, and restored some freedom of choice to the Government. The CBI sees this as an opportunity to complete its programme without undue strain. A restraint in public spending which still allows for 5 per cent growth in real terms from last year's levels to 1981, coupled with the expected growth of output and revenue, would make it possible to reduce the tax burden by 5 per cent of GDP, and the borrowing requirement by some 3 per cent. This freeing of income and credit for private use would do more to restore incentive and regenerate British industry than any amount of intervention.

The fact that this goal is attainable does not mean that it is easy. The CBI's careful study of public expenditure shows that the scope for spending cuts is much more constricted than is commonly supposed. The growth of social service spending quite largely represents population trends. "Excessive" housing subsidies are only a matter of £50 annually for each public sector *household, compared with the* support going to private householders. To keep growth to 5 per cent will need some difficult and unpopular decisions on priorities. Cutting down waste is realistically assessed as a slow process at best.

On detailed points, the CBI endorses a number of the present government's micro-policies —including the sectoral industrial strategy, the merchant *banking role of the NEB, and* temporary measures of job creation, job protection, work experience and retraining. Its objections to some details of employment legislation are forceful but not hysterical, and its approach to some other new burdens on industry, such as health and safety legislation, concentrates on streamlined procedures rather than any softening of policy objectives *in favour of profit and output.* This may not please the CBI's more red-blooded members, but the whole approach is to minimise unnecessary change.

Compromise

In some ways, then, the CBI seems unexpectedly satisfied with its general relations with Whitehall—except so far as prices and incomes are concerned. The CBI maintains its objections to Government powers over pricing, though it prefers the present approach to the old code; on incomes, its thinking is evolving. Its aims are now more limited: a consensus without norms, achieved by joint study and public discussion of the economy. In a reformed and compressed bargaining round, the strongest groups would settle first, with the weaker and the public sector guided by the going rate *thus established.* This is a thoughtful essay; the CBI would probably be the last to claim that it really has found a convincing compromise between freedom and restraint.

Thorny obstacles in the path to nuclear arms control

BY DAVID BUCHAN in Washington

THE HOUR GLASS is slowly running out for a second strategic arms agreement with the Russians, a *keystone of President Carter's* foreign policy. The Salt I interim agreement, reached by President Nixon, expired last October. Negotiations, begun as early as 1973 for something to replace it, have produced a wide band of agreement between the two superpowers, but so far, five years later, not a whole package. Some of the trickiest obstacles, precisely because they are difficult, lie in the home stretch.

Feeling a growing sense of urgency, the Administration dispatched its top Salt negotiator, Mr. Paul Warnke, to Moscow this week for talks to pave the way for the Soviet Foreign Minister, Mr. Andrei Gromyko, and the Secretary of State, Mr. Cyrus Vance, to meet in Washington later this month. No one knows how many more Vance-Gromyko meetings might be needed before the red carpet could be rolled out for President Carter and Mr. Brezhnev to meet and sign a Salt II agreement lasting until 1985. But few Administration officials believe it will be politically feasible to spin out the Salt talks much into next year without concrete result. The make or break point will then come.

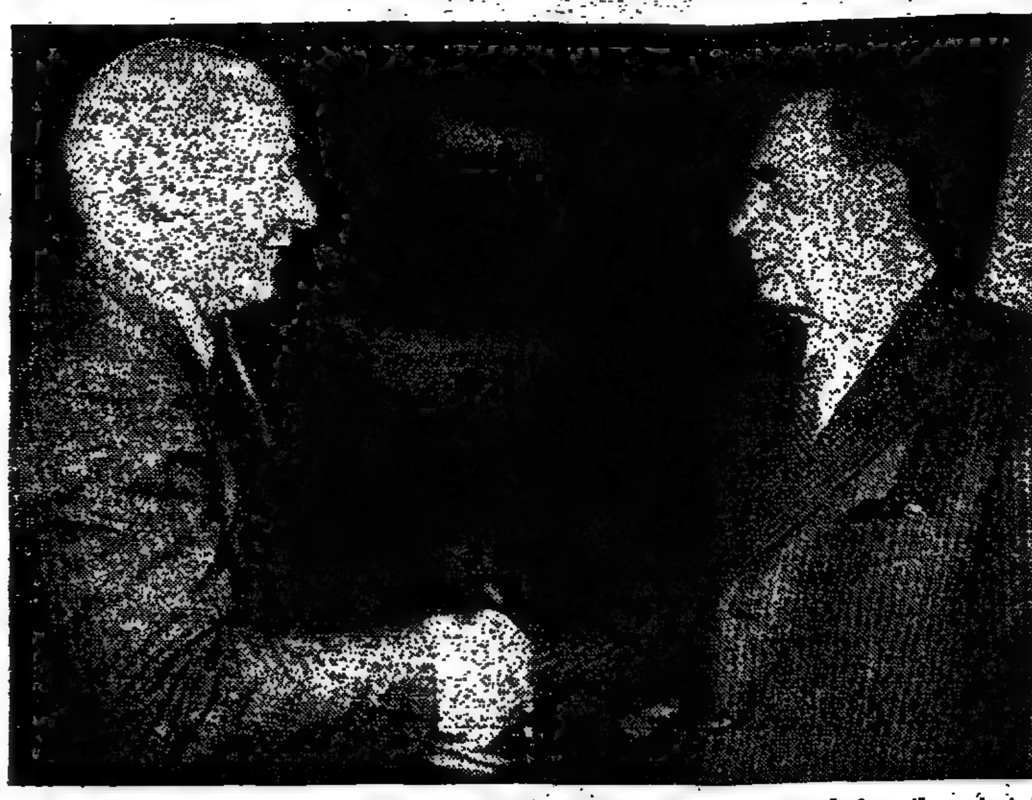
The Carter Administration has tried to carry Congress with it on Salt, knowing that its *approval in one way or another* will be needed for any Salt agreement. Under an arrangement set up in April 1977, certain Congressmen have been allowed to sit in on almost all Salt negotiating rounds. One U.S. official compares this openness favourably with the practice of the Nixon and Ford Administrations "when, frankly, we fed them pap."

But it does not seem to have worked too well. In the war of words over SALT, an influential coalition of Senators (like Henry Jackson) and of former senior officials (like the former Salt negotiator, Mr. Paul Nitze) who believe that SALT 1 was dangerously unfair to the U.S. and that any successor agreement might be worse than none at all, has been increasingly vocal. The fact that many leading opponents of a new Salt are Democrats spells trouble for successful White House management of the issue in Congress.

Support for Mr. Carter's defence policies has been eroded in Congress by his cancellation of the B-1 bomber, his postponement of the development of the neutron bomb and his veto last month of the 1979 Weapons Procurement Bill that Congress had passed. Mr. Carter's remarks, attached to his veto, that Congress had acted irresponsibly in cutting Nato programmes to pay for a fifth nuclear-powered aircraft carrier, put up more backs than was necessary.

It is also doubtful whether the Administration can indefinitely insulate Salt from the current strains in Soviet-American relations. This summer Mr. Carter fought off pressure to link Salt with the recent trials and tribulations of Soviet dissidents and to cancel negotiating rounds in July. But distrust of detente now goes deep in the U.S. The trial of Mr. Jay Crawford, an International Harvester employee working in Moscow, is likely to help alienate the American business community, *hitherto one of the* staunchest pro-detente elements in the U.S.

There are also technical reasons why the present situation, under which both superpowers agreed last October to behave as though the interim agreements were still in force while negotiations for a successor were going on, cannot long continue. They apply more to the Soviet Union. For instance, Salt I set a sub-ceiling on the number of submarine-launched missiles that could be deployed, but the draft Salt II agreement does not. The Russians have now bumped against this ceiling, *with the result that they* have been forced to deploy fewer of their new Delta-class submarines and to retire more of their older submarines than they would have liked. This constraint does not bear on the U.S., whose first Trident submarine will not be ready until next year.



Mr. Paul Warnke and Mr. Andrei Gromyko pictured yesterday in Moscow before they started their talks.

Number of launchers

What has been agreed so far answers one major criticism of the Salt I agreement: that it allowed the Soviet Union a substantially larger number of missile launchers on the assumption, proved to be mistaken by the late 1970s, that the U.S. would keep a long lead over the Soviet Union in the technique of placing multiple warheads on those launchers. The Salt II ceiling, equal this time for both sides, limits each side's total number *of nuclear launchers—whether* bombers, submarines or land based—at 2,400. At a later stage, it would be lowered to 2,250.

This involves a one-sided reduction for the Russians, who *at present have just over 2,500* launchers, while the U.S. has just under 2,200. So far, there is no sign that U.S. intelligence is detecting that the Soviets are dismantling their surplus launchers in preparation for an agreement. The longer the delay in signing a new agreement, the less palatable a reduction may become.

The outstanding differences will be difficult to resolve, and officials in Washington are not sanguine that this month's meetings in Moscow and Washington will do so. One of the *most important is the American* proposal to counter the fact that the bigger Russian missiles can carry potentially greater numbers of multiple warheads by limiting the number of warheads placed on land-based missiles. If the Russians can be persuaded to accept this, it will, the U.S. Administration feels, undermine a major argument of Salt II critics: to wit, that equal launcher ceilings ignore the bigger payload of Russian missiles.

The outcome of other issues will also be watched closely. Salt II critics will not be satisfied without some curbs on the way the Russians use their backfire bomber, while abstruse technical arguments are holding up agreement on range limits for the U.S. Cruise missile, which the Soviet Union considers essential. There is also a dispute about how long the protocol (which is important because it includes the limits on the Cruise system) to accompany the basic agreement is to last. The Russians want it to run a full three years, while the U.S. thinks it *should end in 1980.*

How a Salt II agreement might be verified would undoubtedly become a live issue in any congressional debate. But the U.S. intelligence community, principally in the Central Intelligence Agency and the Defence Department, apparently reckon their satellites can monitor anything more than marginal cheating by the Russians in good time. They do not share the fear that recent Russian experiments with killer satellites with which four tests were carried out last year would permit cheating on a grand scale. The reasoning is that any attempt to knock out an American satellite would endanger a great deal more than Salt, and therefore the Russians would be unlikely to try in peacetime.

Calculations about what the Russians would do in the absence of Salt II are, of course, a key element in the current debate and, given the present situation, of more than academic interest. Mr. Warnke, dubbed disparagingly as "Chief Salt Seller" by his critics, has estimated that while under Salt II the Soviet Union would have to dismantle 300 launchers, without that constraint it would build another 600 to reach a total of over 3,000 by 1985. This is billed as the moderate Soviet reaction to a failure of Salt. If, given a sharp deterioration of the political climate, the Russians were to pull out all the stops, they could have as many as 4,300 launchers by 1985, according to non-official estimates.

That may seem dramatic. One can see an Administration motive in playing up the impact of Salt II. But a recent CIA study concluded that a Salt II agreement would only knock 0.2 per cent off the expected 4-5 per cent rise in real terms of Soviet defence spending *in the early 1980s. This* reflects the fact that spending on strategic arms covered by any Salt II agreement accounts for little over 10 per cent of total Russian defence spending.

If there are Salt II savings to the U.S. in not having to match a rapid Soviet build-up, there may also be a price to be paid. Certainly President Carter's consideration of a new mobile missile system has been seen by some as the price he must pay to get Salt II through Congress, and conservative members of Congress would like to see the President propose something new in the weapons line, instead of cancellations or postponements. But the Defence Secretary, Mr. Harold Brown, and other supporters of a mobile system to replace Minuteman (which will shortly become vulnerable) *reject the idea that it has any* direct link with Salt II. The threat to the fixed-site Minutemen does not arise solely from the proposed terms of Salt II, but is the result of the increase in the weight and accuracy of Soviet land-based missiles over recent years. Thus the U.S. would have to do something, Salt II or no.

A mobile system

Officially, the Administration *has not yet decided whether or* how to build a mobile system—designed to complicate targeting for the Russians—which would cost at least $20bn. But the odds are that it will. A recent U.S. *Arms Control* Agency report conceded that, while by 1985 both the nuclear deterrents would still be roughly in balance, the ability of the U.S. to hit "hard targets" such as missile silos in the Soviet Union would be 10 per cent less than the Russian capacity to do the sa[…] in the U.S. Indeed, the age[…] assumed that 90 per cen[…] land-based U.S. missiles in [...] silos would be wiped out [...] Soviet surprise attack.

Any mobile system is m[…] likely to be shunted aroun[…] series of holes in the ground[…] larger number of holes t[…] missiles so that the Rus[…] targeters would never know[…] certain whether a hole [...] tained a missile or not—[…] put in tunnels, another op[…] being considered. When h[…] tunnel would tend to con[…] trate the blast along its len[…] like a shotgun.

Salt I and the proposed [...] II protocol, both forbid [...] deployment of mobile syst[…] The U.S. in any case could[…] conceivably do so until the [...] 1980s. The Russians have [...] accepted this restriction[…] their existing SS-16 missil[…] concession that U.S. offi[…] take as a sign that, with [...] shaky state of their solid[…] technology, the Russians are [...] wholly satisfied with the S[…] as a mobile system.

Another development, out[…] the strict scope of Salt but [...] by critics to speak of [...] decline of the effectivenes[…] the U.S. deterrent, is the So[…] civil defence programme. [...] Russians have increased t[…] spending on hardened she[…] and improved evacuation [...] grammes since the late 1[…] and by 1976 were spen[…] 400m roubles a year on it. [...] the CIA, in a recent study, [...] not impressed with the res[…] arguing that even under [...] most favourable conditi[…] with more than a week of w[…] ing, the Soviet Union woul[…] unable to bring its casua[…] below "the low tens [...] millions" in case of war. I[…] important, the Agency [...] cluded that the results were [...] such as to "embolden [...] Soviets deliberately to ex[…] the USSR to a higher ris[…] nuclear attack."

There are some in the A[…] nistration, notably the nati[…] security adviser Zbig[…] Brzezinski, who see some m[…] in using the Salt talks as a l[…] on Moscow. But the Presi[…] Mr. Vance and Mr. Brown [...] sider that any Salt agree[…] should stand or fall in [...] gress on its own merits, an[…] them alone. In a recent sp[…] Mr. Warnke sought to illust[…] what he called the "inhe[…] fallacy" of linking arms con[…] to Russian domestic and for[…] policy. He turned the lin[…] argument upside down [...] asked whether, if the Russ[…] were to release their dissid[…] and to abandon Africa, ta[…] the Cubans with them, the[…] should change its negoti[…] position in Salt.

His answer to his own rh[…] rical question was that the [...] nuclear deterrent was too [...] portant for even one ball[…] missile submarine to be [...] tered away in this manner.

MEN AND MATTERS

Baron ends his French leave

*It is bad enough being kid*napped but release too can have its problems, as Baron Edouard Jean Empain made clear yesterday. Six months have now passed since, begrimed and haggard, the 40-year-old Franco-Belgian baron walked into a drug store and reached wearily for the telephone.

His two nightmare months had seen his kidnappers cut off one of his fingers to force him to sign ransom letters. Most of the kidnappers are now in jail, but "l'affaire Empain" has been rumbling on. The protagonist left for the United States a few weeks after his release and only returned to Paris two days ago. Speaking at a crowded Press conference he made his trip to the U.S. seem almost a second escape in view of the fuss that *has been raging over his life* and empire. In their early enquiries the police, seeking a lead, went through his private papers. What they unearthed soon became public knowledge.

The Baron complained at the way that within 24 hours of his release "instead of love and help I had things about my private life shoved under my nose and a response demanded."

As for his huge business empire, one of France's biggest and including a vital part of the country's nuclear capacity, some of its heads are about to roll—or so rumour has it. But the Baron would only say: "Some of my collaborators seemed to think that they could run the group against my wishes instead of in conformity with them. I am not going to settle for being an adviser so somebody has to give way."

Some months ago, he admitted, he had contemplated leaving France for good and dropping his business affairs, but his first public appearance since his return suggested that

that idea, like his pre-kidnapping youthful jet-set look, was a matter of the past.

Premeditation

Just now David Ennals seems to have other things on his mind than ancient wisdoms of the East propounded by the Maharishi Mahesh Yogi—much as they might help alleviate ministerial stresses. I hear the Department of Health has not yet given an answer to the group of 100 doctors calling for transcendental mediation on the NHS. In fact the department appears not to have heard of the request made to Ennals: "This is not a subject on which there has been any recognised research," said a spokesman: "We are not aware of any *official approach.*"

Various members of the group to whom I spoke were outraged by the Department's attitude: "If they don't understand, they don't bother to look," said one, Dr. Ted Nesling, a neuro-anaesthetist in Plymouth and enthusiastic meditator.

And from the Maharishi European Research University in Switzerland, Dr. Byron Rigby, member of the Royal College of Psychiatrists and, he tells me, Chief Minister of the Ministry of Health and Immortality of the World Government of the Age of Enlightenment, said scepticism about TM was misplaced: "There have been over 100 published studies and we found there are about 750 *more under way, all of them at* independent research institutes throughout the world. We are looking at consciousness in a way that has never been done before."

These arguments do not impress Dr. William Sargant, one of the world's leading authorities on brainwashing and author of The Mind Possessed. "Transcendental meditation is a form of auto-hypnosis," says Sargant, *who is in charge of psychological medicine* at St. Thomas' Hospital, London. "It could be helpful to normal people who are worried about something. But most people who go to the doctor are not normal; they are ill, and auto-hypnosis is of no value either in schizophrenia, in severe depression, or in depressional neurosis."

There had been regular fashions for hypnotism since the last century, and every time it had died down. The reason: "It doesn't work," says Sargant, who thinks putting TM on the health service is "bull."

Much in a name

When is a non-bank not a bank? An irrelevant conundrum, you might think, but one raised by the long period which the General Banking Corporation has been allowed to retain its name. This company, registered in the Grand Cayman Islands, has its London office close to Pudding Lane in Eastcheap, on a lower ground floor *below the Bank Sanaye Iran and* above the Fast Waitress Service of the Eight Bells Restaurant.

A reader tells me he received a telex from an American firm of finance brokers presenting the GBC as a bank and was surprised when he visited its offices that it should be unable to describe its assets. But when I spoke to Mr. Hassan, the London manager of GBC, he insisted that his firm only carried out industrial project management consultancy and raised funds: "We do not do any banking as yet." A search in Company House showed that the Department of Trade has in fact required the company to change its name and drop references to banking.

It came as a slight surprise to me to find out that even despite the fuss over fringe banks in recent years, banks are not required to obtain a licence from the Department of Trade though they can, if they accept being checked out, apply for such a licence. However, a spokesman for the DoT told me that they can refuse to register a company—as they had in the case of the GBC.

There was no suggestion of improper operations, he said, but merely the opinion that the GBC's name did not fit its activities.

But that opinion had been made clear in early February; might people not have been misled by the name in the nine long months since? "Well," came the answer from the DoT "This situation obviously cannot go on indefinitely."

Relative snag

A Lambeth chemist tells me a woman carrying a baby came into his shop last week and asked him to weigh the child. He explained he had only an old-fashioned weighing machine: "But that's no problem," he said. "What I do is weigh the baby with its mother first, then weigh the mother alone, and the difference is the baby's weight." "That's no good," said the woman. "I'm the kid's gran."

Observer

ALLNATT LONDON PROPERTIES LIMITED

The 16th annual general meeting of Allnatt London Properties Limited was held on 7th September, 1978, in London, Mr. L. H. *Smith, Chairman and Managing* Director, presiding.

Results

I am pleased to report that the figures anticipated by Mr. Diggens in the prospects *paragraph of his statement last year* have all been exceeded by *healthy margins.* The rent roll handsomely exceeded £5m. and the rents receivable were only a little short of this figure. Although interest on cash *deposits* was, as expected, slightly lower than for last year, profit before tax was nearly £3½m. and our reserves have increased to £10,335,000.

Regrettably, inflation is still with us but I am pleased to *report that of the increase of* £844,000 in the rent roll, £420,000 is attributable to new lettings.

Our established custom of historic cost accounting remains unchanged.

The final dividend proposed of 3.3p per share, with the interim dividend already paid of 1p per share, makes a total for the year of 4.3p per share, which is covered almost 2.2 times by profit after tax and with related tax credits is *equivalent* to 25.7%, effectively the maximum permitted 10% up on last year's dividends. As before, it will be seen from our accounts that even without the effect of waiver it would have been possible to have paid a higher dividend but for the legislation limiting distributions.

Prospects

The results for the year that has passed were exceptional and I cannot forecast equivalent rises in the current year, although the market for letting industrial properties shows some improvement.

However, for the year to 31st March, 1979, I anticipate:—

a) A rent roll in excess of £5½m.

b) Rents receivable in the [...] approaching £5½m.

c) Before tax profit of £[...]

d) Sufficient after tax and [...] *dends (increased by* presently permitted maxi[…] of 10%) to take the re[…] to over £11½m.

Mr. R. W. Diggens

During the year Mr. Dig[…] having decided to reduce [...] business commitments, resig[…] his position as Chairman [...] am pleased to say that he [...] tinues actively as a Director. [...] Diggens was the Founder C[…] man of the Company as wel[…] of those which [...] amalgamated to form All[…] London Properties Ltd. I [...] tribute to a colleague and fr[…] for his wise guidance [...] services which have led to [...] success of our Company.

Future

Shareholders will be aware [...] changes in forms of accounti[…] are the subject of much dis[…] sion. It seems that in the n[…] future property companies [...] be obliged to have valuations [...] their assets made annu[…] *Expressing only my pers[…]* view, this may confuse more [...] assist many shareholders. In[…] ment property valuations, wh[…] take a not inconsiderable tim[…] prepare, sometimes fluctu[…] widely under the effect [...] general financial and other c[…] ditions not directly relate[…] property. This can mean [...] valuations are meaningless [...] the time they are communic[…] to shareholders. A formal va[…] tion of an unchanged portfoli[…] properties may be appro[…] *more or less than that of* [...] same property valued a [...] previously. Whatever the me[…] of annual valuation, I think [...] should be known that this co[…] cost your Company as much [...] £100,000. A considerable sum [...] money for valuations that [...] not, for the reasons above, be [...] any great help.

The Report and Accounts we[…] adopted.

POLITICS TODAY

Why Mr. Callaghan had cold feet

...D BEAVERBROOK is said ... have awarded one of his ...rters a £10 a week rise for ...licting the Conservative ...ority in the 1935 general ...tion to within 44 of the ...al result. That, of course, ... in the days before—as ...urin Bevan remarked — ...ion polls took the poetry out ...olitics. Today it should be ...ible to guess a little more ...tifically, even if the polls ... not always proved a ...ly reliable guide, and in ...end one is still guessing.

...this basis it seems to me ... by far the most unlikely ...lt of a general election in ...near future would be an ...all majority for the Labour ...y. Mr. Callaghan must have ...ght so too. That does not ... necessarily that the ...es would win. There is a ...ber of possible results ...een an outright victory for ...r of the two big parties. ...t does mean that the Tories ...d go into an election poised ...make more net gains in ...s of the number of seats ... Labour.

...st the opinion polls. All ... latest evidence suggests ... the summer has come and ...t gone without any very ...ed rise in the Government's ...larity. At the most ...mistic the Gallup poll in the ... Telegraph three weeks ...gave Labour a 4 per cent ... over the Tories—after a ... lead of 2 per cent the ...h before. The MORI poll ...e Daily Express this week, ...ver, shows a Tory lead of ... cent—down from 3 per ...n August, and it is at least ... noting that it is MORI ... is used by the Govern-

Taking the two together, and allowing for a margin of error, the most that one can say in favour of the Government is that the two main parties are at roughly level pegging. Indeed there is some evidence that Government support is not even at a 12-month high. As long ago as October last year, for example, NOP had Labour slightly in the lead, and in May this year the same organisation showed a Labour lead of just under 5 per cent.

There is also a number of other factors which cannot make for Government confidence. For a start, there has been a growing belief among psephologists in recent years that opinion polls tend to overstate Labour support. They do this in particular when they attempt to translate answers to questions about voting inclinations into answers about voting intentions, and of course there is always the possibility that more potential Labour than Tory supporters will fail to turn out on the day.

Low turn-out

This view is backed by the evidence of recent by-elections. In general, the Tories have tended to do better when it came to the vote than the opinion polls were predicting.

Not least, the common belief that support swings back to the Government once the campaign is under way must be open to question. Indeed the evidence of the last three general elections suggests the contrary. In 1970 Mr. Wilson was judged by the polls and the political commentators to have the result in the bag, but in the event Mr. Heath won comfortably—though it may be significant that the turn-out was the lowest for 35 years. In February 1974 Mr. Heath would never have gone to the country had he not believed he was going to win. Opinion turned against him in the last few weeks. Again in October of the same year Mr. Wilson had every reason to believe that he would do better than in fact he did. He was unable to repeat the triumph of 1966 when Labour achieved a substantial majority.

For purposes of comparison the best analogy is probably 1970. Then, as now, a Labour Government had been through several bad years only to find its fortunes and the economy recovering towards the end, though again there were new economic clouds ahead. What mattered when it came to the vote, however, was the collective memory of the past rather than the belated improvement.

It is true that this time Labour changed leaders in mid-course. Mr. Callaghan has emerged as a quite different man from his predecessor and must be regarded as the party's major electoral asset. But against that must be set the fact that the Labour Party is starting from a much weaker position than in 1970 judged both by its showing in the polls and by the number of seats held. The collective memory of the bad years of Labour Government could still be strong.

We now turn to the seats, and here again the odds must be on the Tories to make more gains than Labour. For purposes of convenience they are divided into three very unequal categories: those which the Government lost to the Tories in by-elections during this Parliament; those where it is predominantly the fortunes of the smaller parties that matter; and those where the key factor is the swing between Labour and the Conservative.

The Tories have made six by-election gains since October 1974, but not even the most optimistic of their supporters would expect them all to be held at a general election. At Ashfield, for instance, in April last year the Tories achieved a 20.8 per cent swing and won the seat from Labour with a majority of 264. It is now likely to revert to type. There should be similar reversions at Walsall North, Workington and Birmingham Stechford. What this means is that Labour is in with a chance of remaining the largest party, provided that it also holds all its other seats or makes compensating gains elsewhere.

The problem is that elsewhere does not look too healthy. On the assumption that there will be a swing away from the smaller parties, it should in general favour the Conservatives. Labour could win Aberdeen South (majority 365) from the Tories by picking up votes that formerly went to the Scottish Nationalists and to the Liberals. It could even win Carmarthen (majority 3,640) from Plaid Cymru. It could win two seats from the English Liberals—Mr. Cyril Smith's Rochdale (majority 2,753) and Mr. Richard Wainwright's Colne Valley (majority 1,666). But the fact is that the Tories stand to gain even more.

PARTIES IN THE HOUSE OF COMMONS 1945-74

	1945	1950	1951	1955	1959	1964	1966	1970	Feb. 1974	Oct. 1974
Conservative	213	299	321	345	365	304	253	330	297	277
Labour	393	315	295	277	258	317	363	288	301	319
Liberal	12		6	6	6	9	12	6	14	13
Plaid Cymru	—		—	—	—	—	—	—	2	3
Scottish Nat.	—	—	—	—	—	—	—	1	7	11
Others (G.B.)	20	—	—	—	1	—	1	1	2	—
Others (N. Ireland)	2	2	3	2	—	—	1	4	12	12
Total	640	625	625	630	630	630	630	630	635	635

Precarious

All the other English Liberal seats last time had a Tory in second place and some of the majorities — like Mr. Alan Beith's 73 in Berwick-upon-Tweed or Mr. David Penhaligon's 464 in Truro—were quite precarious. Of course, it is quite possible for the Liberals to do well in certain areas while doing badly nationally, and it would be rash to predict their virtual disappearance from the House of Commons. Yet it does seem likely that there will be some Liberal losses and that it is the Tories who will benefit.

Equally, the apparent decline of the Nationalist vote in Scotland should do even more for the Tories than for Labour. It was, after all, from the Conservatives that many of the SNP gains came and some at least should go back. Perth and East Perthshire, where the SNP majority is 793, is an obvious example, and there are some Tories, such as Mr. John Biffen, who put the number of Conservative gains from the Nationalists as high as six.

It will not escape notice that if this assumption of reverses for the smaller parties is correct, the largest single grouping in the new Parliament after Tories and Labour will be from Ulster, though even there some funny things are going on. Mr. Enoch Powell's seat, for instance, cannot be counted as absolutely safe, and it is unlikely that there will be a solid block of ten ready to form a coalition or even an electoral pact. It is, incidentally, firmly denied at Tory headquarters that this is what Mrs. Thatcher is looking for. She regards the Ulstermen as quite as unreliable as any other small party and wants to rule alone, if necessary at the head of a minority Government.

Turning away from the smaller parties, however, in the bulk of the English constituencies the only real battle will be between Labour and the Tories. The large Liberal vote of 1974 will be a factor in so far as it divides between the two main parties, but suggestions that it will go overwhelmingly Tory should not be taken for granted. That has not been the case when Liberal support has fallen away in the past, and indeed many former Liberal voters will probably find themselves having to decide their political allegiance all over again, as if for the first time. Certainly that is a strong personal impression among people who feel obliged to choose between Mr. Callaghan and Mrs. Thatcher, the Liberal option having seemed to have lost its point.

Yet the central fact about the English constituencies must be this: whatever definition of "marginal" you take, there are more marginal seats held by Labour than by the Tories. These seats are heavily concentrated in East Anglia, the East Midlands, the South East and the South West. On all the evidence of the opinion polls, the by-elections and to some extent of the local elections these are areas where the Tories should expect to do well.

To take just two examples: the by-election in Ilford North took place as recently as last March when the opinion polls were suggesting that the two big parties were at level pegging and NOP even had Labour in the lead. The Tories won it from Labour with a 6.9 per cent swing and a majority of over 5,000. Again, the swing to the Tories in the local elections in May in the London area of Paddington was 11 per cent. The Labour majority there must look vulnerable, though of course the turn out in the local elections was small.

What all that adds up to is that the Tories can hope to pick up a fairly large number of seats on a relatively small swing. There is also a converse: since Labour goes into the election as the larger party, it only has to make a few gains to be sure of an overall majority, provided that it can hold what it has. There must, however, be a question about turn out.

It is always said in the Labour Party that it is a matter of bringing out the activists who in turn get potential Labour voters to the polls. Yet despite the show of loyalty at the Trades Union Congress this week, one doubts whether this Labour Government has really done enough to inspire the activists in the constituencies. A low or lowish poll would presumably favour the Tories even more.

Finally, if the above sounds like only partially getting off the fence, I might add that my own guess at this stage is that if a general election were to be held soon there will be a small overall Tory majority. Mr. Callaghan at least seems to have come to the same conclusion.

Malcolm Rutherford

Letters to the Editor

...he City and ...e election

...Mr. J. W. R. C. Nicholas.

...—There is a danger that a ...ent, oft repeated, becomes ...established view — until ... prove otherwise. It seems ...September 2) is now falling ...his well worn trap.

...re is the evidence for the ...ent that "the City will not ...husiastic over a large Con...ive victory?" Is this just ...ew of a few tipsters who ...to grasp the City headlines ...days? I suggest this is not ...entative of City opinion ...low.

...rying to substantiate their ... the anti-Tory lobby con... imply that Conservatives ...ing confrontation and this ...lly creates uncertainty. ...y do these experts ignore ...forecasts (which were iden... at the time of the Whitlam ... in Australia? The result ...t election was very con... and there has never been ...ggestion since then that ...ions would not accept a ...ratic result.

...W. R. C. Nicholas.
... Hilton Goodison and Co.,
...d House,
...resham Street, EC2.

...nother point ...departure

...the Director of the ...ghamshire Chamber of ...erce and Industry

...—Mr. A. H. Scott, in his ... of September 5, com... favourably on the train ...s to Euston, Kings Cross ... Pancras and the onward ...tions to Gatwick. May I ... him that those services ...e in two directions, and ...hose living in the South ...ould find it no more expen...ring, tedious or time con... to get to the East Mid... airport than those living ...rking in Central England, ...st and the West Midlands ... much of the real wealth ... country is produced, find ...atwick.

...over, now that the Gov...t has demonstrated that ... the power to divert traffic ...eathrow to other airports, ...r which previously it has ... possessing, it should ...at least 20 per cent of the ...ow services to the East ...ds Airport.

... the EMA? Because it is ...h airport, situated along...e M1 motorway and at the ... a communications net...which brings all central ...d and a large slice of the ...tion to the North and the ... within easy reach of it. ...ven, as Mr. Scott had in... readily available to those ... south of the Thames! ...omentally and in many ...ays it cannot be bettered. ...Government, in its White ... on airport policy, has ...sed the advantage which ...t Midlands airport has to. ...Now is the time for it ...late that recognition into ... and so bring air services ... easier reach of a large ...f the population of ...d instead of taking them ... away.

...question really is "why ...k?"

... G. Walton.
...nsfield Road,
...ham.

...oved gateway ...e South

...r. Brian J. Shenton

...Arthur Sandles' claim in ...cle "Unloved Gateway of ...uth" (August 26) that ... has a swift rail link ...ondon, overlooks all the ...s arising for people who ... get on to the trains, especially at Victoria Station. As thousands of daily commuters who use Victoria Station can testify the increasing use of the Gatwick-Victoria rail link has created serious overcrowding and has highlighted not only British Railways' poor management of operations at Victoria but also a serious deficiency in the Government's London Airports Strategy.

A fifteen minute journey to East Croydon can require a twenty minute queue to purchase a ticket. The queues for tickets engulf a newspaper stand. Queues for budget accommodation block off narrow pedestrian passageways. Queues for tickets on the Underground, and for taxis show that the problem extends outside the concourse area. Commuters have to dodge travellers with rucksacks, suitcases, trolleys etc., because BR put some of the Gatwick services adjacent to local services. This mixing of Gatwick and other traffic happens in the sale of tickets and contributes to the delays in purchasing tickets. Surely BR could sharpen up its operational management considerably and help alleviate some of the problems arising from the missing piece of the Government's London Airports Strategy which is the movement of airport users outside of the airports, especially at Central London Terminals.

Victoria is totally inadequate for its new role of Gateway to Gatwick. The growth of Skytrain business and the transfer of various airlines to Gatwick will bring Victoria and its environs to a standstill because there are no plans to make Victoria a proper Gateway to Gatwick. In fact the present plans will exacerbate the problem because whilst BR are investing heavily in modernising Gatwick Station they are limiting their activities at Victoria to increasing the concourse area—to accommodate all the queues presumably! Also the Laker Skytrain office is being relocated to the main entrance of Victoria.

Victoria needs a proper terminal in order to handle the Airport traffic. It should be a self contained unit away from other users of the station. It should be purpose built and have direct access to the Underground and taxis. Conceptually it should be considered as part of an airport not part of a railway station. Perhaps the British Airports Authority should be responsible for the planning and management of such a terminal which could also become the Central London Terminal for an adequate BR link to Heathrow. Such a link is long overdue and will become essential if the Fourth Terminal is built at Heathrow. A new Victoria Terminal will involve many different organisations including BR, London Transport and various Local Authorities. However the lead must come from the Government. What better way to defuse the political problems arising from the enforced transfer of airlines to Gatwick than to offer a new purpose built Central London Terminal for the airliners' passengers and staff?

BRIAN J. SHENTON,
Member of the Greater London Council for Merton, Mitcham and Morden,
Members' Lobby,
The County Hall, SE1.

Change of ground

From Mr. Wynne Godley.

Sir,—Two years ago (Economic Viewpoint August 5, 1976) Mr. Sam Brittan stated, with great emphasis, the view that if unemployment is much below 1m wages and prices are bound to accelerate. "The evidence for this conclusion is very striking," he wrote "and although it can be demonstrated econometrically it is also quite apparent from looking at the official unemployment graph." Now (Economic Viewpoint, August 24, 1978) he refers to "the well known difficulty of finding a significant relation between unemployment and money wages — which is not surprising as the relation is transitory and rapidly changing."

This represents a most important change of ground. I hope Mr. Brittan will soon move a stage further and see the relationship is not so much transitory as nonexistent and will then accept our view that measures to reduce unemployment will not necessarily make inflation worse.

Wynne Godley,
Department of Applied Economics, University of Cambridge.

Political finances

From Mr. Stephen F. Yeo

Sir,—I am not at all clear how Mr. Tankard (September 4), writing as the Organiser of the Social Democratic Party, can claim not to be playing "political table tennis" especially in view of the suggestions he advances.

We have only to read his proposal that parties should be financed from central government to realise which side of the fence (and there are only two sides) he lies.

Leaving aside this fundamental point, I would take issue with his distinction between private donations (including the value of services provided) and funds raised by a party's "own efforts." Is Mr. Tankard proposing to tax the work put in by the many thousands of individuals who give up their free time to aid a political party? And just how does he propose to stop me buying £1,000 worth of tickets at my local party's next raffle.

Any proposal such as Mr. Tankard's must surely revile those of us who value our freedom to do as we choose with our time and effort.

Stephen F. Yeo.
37, Whitgift Avenue,
South Croydon, Surrey.

Who shall inherit the land?

From Mr. Peter R. Wormell.

Sir,—The answer to Mr. J. P. Pickering (August 31) and his poignant cry from the heart on behalf of tenant farmers is quite simple. Let the next Government repeal the Inheritance of Tenancies Provisions of the 1976 Agriculture (Miscellaneous Provisions) Act, and while they are at it, also repeal the Agricultural Holdings Act, 1948.

The 1948 Act gave security to tenants for their lifetime. It formed a blockage by land owners who were thereafter reluctant to grant a tenancy when it was obvious they would not be able to regain possessions of the farm until the tenant died. Land, however, continued to be let, albeit in smaller quantities.

The 1976 Act, quite strangely for a Socialist Government dedicated to the abolition of the hereditary principle, who quite without warning and without pressure from any of the farming organisations, granted a greater term of security which extends not just to the next generation, but to a multitude of far-flung relatives, and could in fact mean that the owner of a farm might not get possession again for 100 years.

The net result of this second Act has been to completely dry up the amount of available land to be rented, and even the Pension Funds and Institutional farmland owners are now embarking upon their own direct farming rather than let a tenancy be created. So much for three-yearly rent reviews, which in the end only produce a revenue that will be 1 or 2 per cent of the outlay for the original farm purchase.

So, let us have a return to "free collective bargaining," and a complete freedom to negotiate leases.

By this method, a willing tenant could agree with a willing landlord on a set number of years, and although it might be of any duration, the tenant would know from the outset exactly and precisely how many years he could expect to retain his ownership. I can already hear the cry going up of dispossession and hardship, but surely any other business premises such as offices are leased for a set number of years, and in many cases the landlord requires possession himself at the termination of the lease.

A young man granted a farm on a 10-year lease would know that he had to make the best of his opportunities, and although it might seem an injustice to dispossess him when the lease expires, there would in fact be so many farms around available for tenancies that he would be able to quickly find another one.

If land owners could be assured that they could regain possession of their land within their lifetime, then there would be a rush by private land owners and Pension Funds also to get out of the hazardous business of farming and revert to their proper role as land owners and landlords.

There is one other tax anomaly that should be incorporated into such a radical change of policy.

It is to change the status of rents from unearned income into the earned bracket. Most landlords spend their whole lives very actively administering their estates, and spend all day working hard at planning new farm buildings or improvements to cottages, or in many other ways running the estate. Surely, this is hard earned money and not unearned.

In 1960, 48 per cent of the area of farmland in England and Wales was tenanted, but the Ministry figures for 1978 reveal that this has dropped to 43 per cent of the farmland area. In 1960, 46 per cent of farms were rented, but today only 38 per cent are occupied by tenants.

From these figures it can be construed that if 43 per cent of the land area is tenanted today, but only 38 per cent of the number of farms, then the average let farm is well above the average farm size and since public or semi-public land owners only account for 9 per cent of the land (and theirs is mostly all tenanted) then 34 per cent or one-third of the total farmland area is still tenanted from private individuals. After the penal effects of fragmentation from taxation over the past 50 years, this surely reveals the tenacity of private land owners, and should illustrate to our political masters that they can fulfil a vital role in providing erstwhile very expensive land at an interest rate which is almost laughable.

The private land owner is granting a massive subsidy not only to his tenants but to the cost of food production in this country and consequentially to the cost of living. It is a private subsidy which goes unheralded, and for which the owners only receive the brickbats and kicks of a aenvious public.

Peter R. Wormwell.
Langenhoe Hall,
Abberton, Colchester.

Today's Events

GENERAL

TUC annual conference ends, Brighton.

Building Societies Association discuss mortgage rates and new national savings package.

Mr. Denis Healey, Chancellor of the Exchequer, addresses meeting of East Flint Labour Party.

Mr. Michael Foot, Lord President of the Council, speaks at Bristol North West Labour Party meeting.

Group of Ten deputies end two-day Paris meeting in preparation for forthcoming meetings of International Monetary Fund and World Bank.

U.S. and Soviet officials end two-day Moscow meeting to prepare for SALT talks in Washington later this month between Mr. Andrei Gromyko, Soviet Foreign Minister, and Mr. Cyrus Vance, U.S. Secretary of State.

Mr. Takeo Fukuda, Japanese Prime Minister, continues Middle East tour.

Mr. Nobuhiko Ushiba, Japanese External Affairs Minister, ends three-day talks in Washington on trade problems connected with multilateral trade negotiations.

Mr. George Rallis, Greek Foreign Minister, continues trade talks in Moscow.

International Air Show continues, Farnborough (until September 10).

British Association for Advancement of Science conference ends, Bath University.

International Congress of Aerospace Medicine ends, Royal College of Surgeons, WC2.

Showpex '78 Stamp Fair continues, Cafe Royal, W1 (until September 9).

COMPANY RESULTS

Final dividend: Cray Electronics. Interim dividends: Britains; Shakespeare (Joseph).

COMPANY MEETINGS

General Electric, Institution of Electrical Engineers, Savoy Place, WC, 12. Hollas, Ashley Road, Altrincham, Cheshire, 11. Inchcape, Baltic Exchange Chambers, 14-20, St. Mary Axe, EC, 12. S and U Stores, Birmingham Chamber of Commerce, 75, Harborne Road, Birmingham, 3.30. Thorn Electrical Industries, Dorchester Hotel, W, 12.

Costain builds bigger profits

INTERIM REPORT

Group Results	Six months to 30 June 1978 £'000	Six months to 30 June 1977 £'000	Half year increase	Year 1977 £'000
Turnover	260,000	197,000	32%	432,000
Profit before taxation	16,217	11,518	41%	36,212
Taxation at estimated 45% (1977–48%, year 45%)	7,298	5,529		16,110
Profit after taxation	8,919	5,989		20,102
Minority interests, extraordinary items and preference dividends	1,976	1,082		6,070
Available for ordinary shareholders	6,943	4,907	41%	14,032
Interim ordinary dividend 2.5748p (1977–2.3058p*)	1,432	1,282		1,282
Retained profit	5,511	3,625		12,750

In accordance with previous practice, overseas currencies have been expressed in sterling in the half year figures at the rates of exchange ruling at the previous year end.
*Adjusted for 1978 1 for 2 capitalisation issue.

Mr. J. P. Sowden, Chairman, reports:

The unaudited statement of the Group's profit for the six months ended 30 June 1978 reflects clearly the further advance anticipated in my last annual statement. Pre-tax profits of £16.2 million show an increase of 41% over the corresponding period in 1977.

The Group's International operations remain the predominant source of profits. However, despite highly competitive conditions in generally depressed markets, our United Kingdom contracting companies and other activities have continued to make a significant contribution to Group results.

Outstanding orders at 30 June amounted to approximately £700 million, with the proportion attributable to International operations remaining at 75%.

Bearing in mind the first half year profits now announced, it is with confidence that I anticipate the results for the year 1978 will reach new record levels.

Your Directors have today declared an interim dividend of 2.5748p per 25p ordinary share (1977 - 2.3058p - adjusted) which with the tax credit of 1.2682p makes a gross equivalent of 3.8430p per share, after taking account of the 1978 one for two capitalisation issue. Due to renewed Government legislation constraining the level of dividend payments, regrettably this is the maximum dividend your Board is permitted to declare at the present time.

Over the years the Costain Group has amply demonstrated its ability to succeed and produce profitable results in the competitive markets of the world. The dividends permitted to shareholders for supporting the Group with risk capital have now become totally anachronistic. Shareholders may rest assured that it is your Directors' intention, when they are able, to correct this position by substantially increased dividend payments.

The interim dividend of 2.5748p per share will be paid on 2 October to all ordinary shareholders registered at the close of business on 8 September.

COSTAIN Britain's leading international construction group

Richard Costain Limited
111 Westminster Bridge Road, London SE1 7UE

COMPANY NEWS+COMMENT

Cadbury Schweppes looks to second half

FROM SALES up 11.3 per cent to £446.2m in the first half of 1978, profits before tax of **Cadbury Schweppes** at £18.5m compared with £18.7m, are broadly in line with expectations, says Sir Adrian Cadbury, the chairman.

However, the group earns the major share of its profits in the second six months and *sales in* the final quarter are particularly important to the final result, the chairman points out. Given a continuation of the latest sales trends, the directors expect the final result to show an improvement over 1977—a record year.

The interim dividend is held at 0.95p per 25p share—last year's *total* was 3.04143p when pre-tax profits were £48.2m, and sales, £883.6m.

	Half year 1978 £m.	1977 £m.
UK sales	253.7	236.5
Europe	45.9	34.8
North America	36.4	30.0
Australia	54.2	51.0
Other overseas	56.0	48.5
Total sales	446.2	400.8
UK profit	11.3	13.4
Europe	3.7	2.7
North America loss	1.0	0.2
Australia	3.8	4.3
Other overseas	5.9	4.3
Trading profit	23.6	24.5
Investment income	1.3	1.2
Interest payable	6.7	7.1
Associate share	0.2	0.1
Profit before tax	18.5	18.7
Tax	5.8	6.2
Net profit	12.7	12.5
Minorities	1.4	1.2
Extraordinary debit	7.0	—
Attributable	4.3	11.3
Interim dividend	3.3	3.5
Retained	0.9	7.8

Sir Adrian says that sales in dollars in the North American region were substantially up on a year ago, though this is not *entirely reflected* in the sterling conversion. Sales of Peter Paul Inc, the U.S. Confectionery firm, from the acquisition in April, were *£7.2m and showed a profit* before tax of £0.3m after charging interest on the cost of the *investment*.

In the group's two other major markets, the UK and Australia, the upturn in consumer demand had been slow in coming. However, there have been satisfactory increases in all sections of the *UK business except* the tea and foods division where sales, particularly of tea, dropped in value compared with the high level of the first half of 1977.

The Canadian subsidiary has closed its Montreal confectionery *factory* to concentrate production on a new factory at Whitby, Ontario. The cost of the closure *and relocation* is estimated at £7m and provision for this has been charged as the extraordinary item.

Reserves were reduced in the period from £164.1m to £162.4m by the write off of goodwill totalling £5m following the purchase of Peter Paul, offset by a £2.5m surplus on the restatement of currency, assets and liabilities (£0.6m loss) and the £0.8m (£7.8m) profit retained.

See Lex

HIGHLIGHTS

Reynolds has sold for cash its 49 per cent stake in **British Aluminium. Lex** discusses the reasons why and the position of **Tube Investments** which now owns 58 per cent of BA. **Lex** also considers the second quarter figures from two Stock Market giants **ICI and BP**, which both report lower figures for the full six months. Meantime **Cadbury Schweppes** results are broadly in line with market estimates with profits slightly down at £18½m. *Pre-tax profits at* **Costain** continue to surge ahead and at the half way stage they are up by 41 per cent. **British Electric Traction's** full year results also *show* creditable growth with pre-tax profits *ahead by a fifth at £67m.* **Morgan Crucible's** *second quarter profits* are up by 14 per cent and publisher **Wm. Collins** has advanced with sales apparently outperforming the market. **British Printing** *has come* up with a £3.8m rights issue and **Hill and Smith** is raising £1.6m in an unusual equity and mortgage debenture offer.

Midway rise for Wilson Connolly

WITH HOUSING contract turnover well ahead from £5.88m to £10.43m and rental income £9,000 *higher at* £264,000, taxable profit of Wilson (Connolly) Holdings advanced from £1.18m to £1.55m in the June 30, 1978, half-year.

Trading profit came to £1.18m (£0.65m), while net rental income was £192,000 (£174,000). There *was a £181,000 (£358,000) surplus* on the sale of properties held as fixed assets—after transferring £306,373 from the capital reserve —included in the pre-tax figure.

After tax of £0.81m (£0.61m), net profit came out at £0.74m *(£0.57m)*, and *earnings* per 25p share are shown at 14.1p (11.3p).

The interim dividend is up from 1.247p to 1.4811p net per share, and an additional 0.0189p is to be paid for 1977.

Directors say that as a consequence of the modifications in dividend legislation they hope to be able to pay a final which will more closely reflect the full year's result. Last year a 1.248p final was paid on peak profits *of* £2.65m.

Record £1.2m at S. Casket

FROM TURNOVER up £0.6m to £13.85m, taxable profit of S. Casket (Holdings), clothing manufacturer, distributor and retailer, advanced from £0.79m to a record £1.17m in the June 30, 1978, year.

At *half-time*, when profit was £20,000 higher at £0.46m, directors hoped for a good result for the full year.

Tax takes £0.62m (£0.4m), and attributable profit is shown ahead from £0.39m to £0.55m. Earnings per 10p share are given at 11.42p against 8.05p *last time*.

The final dividend is lifted from 1.2p to 1.35p net for a 2.15p total (1.95p). A one-for-one ordinary scrip issue is proposed, as well as an issue of one 10.25 per cent £1 preference share for every 10 ordinary share.

Setback at Assam Investments

Profits *of* Assam Investments dived from £6.88m to £3.74m in the year 1977, on a turnover marginally lower at £14.74m against £15.01m.

After tax of £2.85m (£3.31m) the net profit emerged at £0.89m *compared with* £1.36m, producing earnings per share of 19.47p (34.11p). There are extraordinary debit items of £150,471 (£268,330 credits) and a sum of £12,677 is transferred to reserve (£6,164 from reserve).

The dividend is held at 7p net per £1 share.

Referring to the vesting of the *group's* six *UK trading* subsidiaries in the Assam Company (India) the directors report that subject to the receipts of certain consents in India this will take place with effect from December 31, 1977.

Terms of the transfer of the undertakings (exclusively comprised of businesses in India) have been agreed but *formal approval* of them is still awaited from the Reserve Bank of India. It will also be necessary to obtain the High Courts ratification.

The consideration accruing to the group will be partly in *ordinary* shares of the Assam Company (India) equal to 74 per cent of the equity of ACI and partly in loan capital repayable to the group in the UK in five equal annual instalments.

Pending clarification and approval of the terms the effect on the group's net assets and consequently on its reserves cannot be quantified.

William Collins up at midway

FOR THE 28 weeks ended June 25, 1978, profits before tax of William Collins and Sons (Holding) improved *from* £1.05m to £1.23m. Turnover was higher at £27.16m compared with £24.06m.

The directors point out that the second half normally provides the greater part of group profits and these depend on autumn and pre-*Christmas* sales. *Present indica*tions are that sales are following the first half trend and with a strong publishing list, it is expected that this will continue.

Tax takes £370,000 (£462,000) in the first half giving earnings per 25p share of 6.3p against 4.1p. The interim dividend is again 2.086p —last year's total was 4.639p from *a pre-tax profit of £3.15m.*

● comment

Collins' recovery has not been helped by the relatively flat market for paperback books. In the first quarter of this year industry figures *show* that UK sales were up 8 per cent in value terms while the value of exports was relatively unchanged and a similar pattern should emerge in the second quarter. With a 12.9 per cent increase in sales the company *appears to have done* better than the market but it is still carrying excessive stocks and net interest paid is a third higher at £724,000. In Australia there were non-recurring costs associated with the move to the new dis*tribution centre which held back* results from that area. Fluctuations in the value of the pound will affect the full-year figures but it appears that the recovery will continue. The share price moved up to 140p after the news and if the first half rate of profit growth is maintained for the full year the prospective p/e (at last year's tax rate) is 8.4. The average for the newspapers and publishing sector is under on 14.

LOAN STOCK PURCHASES

Raeburn Investment Trust has purchased for cancellation £168,370 nominal of its convertible unsecured loan stock leaving in issue £1,207,651.

Also, Romney Trust has *purchased* for cancellation £640,360 nominal of its convertible unsecured loan stock leaving in issue £2,533,986.

Freddie Mansfield

Sir Adrian Cadbury, chairman of Cadbury-Schweppes.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assam Invs.	7	Oct. 26	7	7	7
B.E.T.	4.09	Oct. 27	3.63	5.78	5.17
British Petroleum ...int.	7.8	Nov. 9	6.98	—	22.33**
British Printing ...int.	1.1	Dec. 7	1	—	3.18
Cadbury Schweppes ...int.	0.95	Jan. 2	0.95	—	3.04
S. Casket	1.35	Dec. 13	1.2	2.15	1.95
City & Com. Trust ...int.	1.06	Sept. 30	0.93	—	1.82
Wm. Collins ...int.	2.09	Oct. 11	2.09	—	4.64
Richard Costain ...int.	2.575	Oct. 2	2.31*	—	2.31*
General Mining Fin. int.	105§§	Nov. 4	90	—	225
Gibbons Dudley ...int.	0.74	Nov. 6	0.67	—	2.53
ICI ...int.	10	Nov. 10	9	—	16.52
Abel Morrall ...int.	0.58	Oct. 4	0.58	—	2.42
London & European ...int.	0.5	Nov. 7	nil	—	0.5
Morgan Crucible ...int.	3.65	Jan. 3	3.07	—	5.31††
Sharna Ware ...int.	1.01	Oct. 27	0.99	—	2.39
Sharpe & Fisher ...int.	0.7	Nov. 10	0.56	—	1.89
Wilson (Connolly) ...int.	1.48	Oct. 13	1.25	—	2.5§
H. Woodward & Son ...int.	0.3	Oct. 20	0.5	—	1.87

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 2.4p on increased capital forecast. § Includes additional 0.0189p to be paid with this year's interim. Maximum permitted for the year. ‖ Includes additional 0.0278267p for 1977. ** Includes additional 0.229p to be *paid with this year's interim.* †† *Includes additional 0.033p.* §§ South African cents and gross throughout.

Morgan Crucible little changed at halftime

WITH SECOND quarter profits rising from £2.93m to £3.34m Morgan Crucible Company ended the July 2, 1978, half-year with taxable profit little changed at £6m compared with £6.03m previously.

Turnover advanced from £45.76m to £49.85m in the period, while its trading margin slipped *from 15.4 per cent to 14 per cent.* Overseas sales accounted for 57 per cent (58 per cent) of the total.

Mr. Ian Weston Smith, the chairman, says that although the improvement in the second quarter *was forecast in April*, it was less than it would have been, owing to the fire at Liege. It is nevertheless satisfactory, taking *into account* good results *from* Morgan Refractories, Steatite and Porcelain Products and the carbon electrical businesses in the UK and U.S.

The ceramic fibres companies as a whole performed substantially better in the first half than in 1977, "although it cannot be gainsaid that the latter period was *weak by historical standards.*"

	Half year 1978 £000	1977* £000
Sales	49,548	45,736
Carbon	19,498	17,973
Thermic	20,623	19,273
Acorn	7,306	6,731
Other products	2,137	1,970
Trading profit	6,939	7,062
Carbon	2,769	2,846
Thermic	3,129	3,198
Acorn	729	779
Other products	171	39
Holding company	387	202
Finance charges	933	1,069
Profit before tax	6,006	6,033
Tax	2,741	1,845
Net profit	3,265	4,208
Minority interests, pref. dividends	158	135
Attributable	3,108	4,073
Extraordinary debit	—	30

* Restated for ED19.

After tax of £2.74m (£1.85m) net profit came out at £3.26m compared with £4.21m last time. After minorities and preference dividends of £158,000 (£135,000) attributable profit was £3.11m (£4.07m).

Earnings per 25p share are *shown down from 9.8p to 7.5p*, while the interim dividend is increased from 3.072p to 3.653p net, which takes in all the permitted increase for the year. Also, an additional 0.033p is to be paid for 1977. Directors will take into *account any legislation affecting* dividends when considering the final payment. Last year a 2.204p final was *paid on record profits* of £11.9m.

● comment

Morgan Crucible's second quarter pre-tax profits have improved by 14 per cent, giving an *unchanged interim picture after* the 13 per cent first quarter downturn. Between 57 and 60 per cent of sales go overseas but most markets, except the U.S., have been dull in line with the depressed levels of world trade. Trading margins have consequently suffered, falling almost one and a half points against the comparable *period, though* the second quarter saw some recovery over the first three months. In the Thermic division the better *performance* from refractories may seem surprising, but most of the gains have been made from specialised high quality non-steel orientated products. The rest of the year is difficult to predict and the company itself is reluctant to say how trading will go. There are apparently some signs, however, of an upturn *in orders. On profits of £12m* the shares at 130p stand on a prospective P/E of 9.5 and yield 6.9 per cent.

Sohio boosts BP in second quarter

REFLECTING ITS increased share *in and higher profits* from Sohio, second-quarter income *of British* Petroleum Company advanced from £109.5m to £120.8m, but net income for the *first six* months of 1978 ended £47.9m down at £206.4m.

Second-quarter net sales of £3.6bn, against £2.88bn, left the first-half figure ahead from £5.88bn to £6.91bn.

Directors say the first-half figures last year benefited substantially from stock appreciation, and *that* the second half of 1977 produced net income of £104m.

Of the first-half income, BP's *interest* in Sohio contributed £59.2m (£11m) with the second quarter accounting for £46.2m. Following the BP stake in Sohio exceeding 50 per cent, Sohio's income has been consolidated for the first time. Last year BP's *share* was equity accounted. Of first-half sales, Sohio contributed £1.23bn.

Excluding Sohio, BP's sales of crude oil, products and *chemicals* for the second quarter dipped 1.4m tonnes to 42m tonnes compared *with* the first quarter, but showed a 1.7 per cent increase on the same period last year, with crude oil sales up 9.2 per cent. Sohio's sales of crude oil, products and chemicals increased 2.7m tonnes on the first quarter to 10.1m *tonnes*. For the half, natural gas production was 13.1m cubic metres per day (11m).

Directors say the company benefited in the second quarter from the increased interest in Sohio and also from the increase in Sohio's profits arising from Alaskan crude oil production, which commenced on June [illegible] 1977.

In Europe, trading conditions generally have improved in the six months, although losses continued in France. The improvement continues in the [illegible] quarter.

Production from the Forties *field* in the second quarter averaged more than [illegible] barrels per day, and although income was higher it suffered from a reduction in the per barrel selling price.

Chemical results, while still disappointing, showed *some* improvement on the low levels of the second half of 1977.

The first-half net income figure is after charging overseas tax £590.4m (£682.2m), UK tax £284.7m (£201.4m) and minority interests of £66.9m (£3.2m).

Earnings per £1 share shown at 53.29p compared with 65.76p, and the interim dividend is lifted from 6.981p to 7.795p. An additional 0.229p is also to be paid for 1977. Last year a 15.[illegible] final was paid *on net income* £358.3m.

	Half-year 1978 £m
Sales	8,419.2
Less duties and taxes	1,513.1
Net sales	6,906.0
Other income	157.2
Cost of sales	4,707.7
Distribution, selling, admin. other expenses	699.9
Depreciation amount provided	295.6
Interest, financing costs	244.5
Income before tax	1,128.4
Overseas tax	590.4
UK tax	284.7
Leaving	273.3
Minorities	66.9
Net income	206.4

* Restated to effect the change accounting for deferred tax.

See Lex

British Enkalon near breakeven on trading

CONSIDERABLY improved trad*ing performance from a loss of* £498,000 to almost breakeven with a deficit of *£10,000, and interest* payments cut to £499,000, against £1.21m., enabled **British Enkalon** to reduce the deficit at the pre-tax level for the first half 1978 from £1.5m to £265,000. Sales were up £2.18m at £26.13m.

The result was better than for either half of 1977 when full time loss at £2.15m itself meant further recovery from the record £3.96m deficit seen in 1975. The reduction in halftime interest payments came about through substantially lower bank borrowings.

As to the outlook for the second half, Mr. J. Martin Ritchie, the chairman, remains cautious. He says he cannot see any real improvement *in the* economic situation in the man-made fibre industry. There is still an *imbalance between capacity and* demand and this, coupled with continuing high level of imports, make it impossible for him to be any more specific about the outcome for the year than he was in April. Then he said if consumer *demand increased in the second* half and costs, inflation and cheap imports could be contained then *the company's results could be* better than those for last year.

	Half year 1978 £000	1977 £000
Sales	26,128	23,946
Trading loss*	10	498
Share assocs.	234	212
Interest	489	1,211
Pre-tax loss	265	1,497
Tax	234	6
Net loss	499	1,503
To minorities	115	104
Attributable loss	614	1,607
Loss per share	(2p)	(6p)

* Depreciation charged in arriving at *the trading result £1.94m (£1.37m and £1.6m).* † Credit.

Tax took £234,000 (£6,000) leaving a net loss of £499,000 (£1.5m) for a loss per share of 2p (6p). The tax charge in 1978 represented a deferred tax provision by subsidiary company Brand-Rex, calculated at an assumed rate of corporation tax for the year of 52 per cent. In 1977 it was not necessary for Brand-Rex to make a similar provision due to the availability of [illegible] *brought forward and the* [illegible] relating to capital allowances.

The company is controlled by *Akzo NV of Holland.*

Wiggins Construct

Estate development at Wiggins Construct is expanding [illegible] house prices starting to [illegible] forward more in line with [illegible] Mr. Cyril Wiggins, the chairman, says in his annual statement.

He says the group has increased its land bank [illegible] satisfying proportion on [illegible] *payment terms, and has* [illegible] up a new site in Colchester.

The new estates referred [illegible] year are underway and the company is opening other [illegible] southern England.

Contract building [illegible] with a satisfactory workload [illegible] increasing emphasis on [illegible] work, particularly in the [illegible] where results have been [illegible] to expectations.

As previously reported [illegible] profit in the March 31, 19[illegible] advanced from £374[illegible] £426,000.

Meeting, Benfleet, Essex, [illegible] tember 29 at noon.

Brasilvest S.A.

Net asset value as [illegible] *31st August, 1978*

per Cr$ Share: Cr$[illegible]

per Depositary Share: U.S.$15,565.46

per Depositary Share (Second Series): U.S.$14,616.95

per Depositary Share (Third Series): U.S.$12,439.20

ICI

The Board of Directors of Imperial Chemical Industries Limited announce the following unaudited figures of the trading results of the Group for the first half of 1978 with comparative figures for 1977.

1977 First Half £ millions	1977 Year £ millions		1978 First Half £ millions
2,414	4,663	Sales to external customers	2,216
309	483	Profit before taxation and grants	251
		After providing for:	
109	221	Depreciation	107
8	29	Exchange loss on net current assets of overseas subsidiaries	4
—133	—202	Taxation less grants	—85
176	281	Profit after taxation and grants	166
—14	—26	Applicable to minorities	—8
162	255	Profit applicable to Parent Company before extraordinary items	158
1	—29	Extraordinary items	—5
163	226	Profit applicable to Parent Company after extraordinary items	153

The Group sold its 63% interest in Imperial Metal Industries Ltd. (IMI) in early November 1977. IMI's results are included in Group results up to 31 October 1977, but their sales have been excluded from 1977 figures when making the comparisons with 1978 in the following two paragraphs.

Group sales in the first half of 1978 were £2,216m., (first half 1977 £2,190m.). The value of sales in the UK increased by £53m. to £875m. but in overseas markets sales values fell by £27m. to £1341m. The f.o.b. value of exports from the UK for the first half 1978 was £435m. (first half 1977 £454m.). The reductions in the values of overseas sales and exports from the UK were due to the higher average value of sterling.

After a depressed second half of 1977 and little improvement overall in the volume of Group sales in the first quarter of 1978, there was some increase in the second quarter which also benefited from the lower value of sterling compared with the first quarter. Profitability, however, continues to be limited by the effect of overcapacity on prices, and by increasing costs.

The following table summarises the quarterly sales and profits before taxation:

	Group sales £m	Group profit before tax: Excluding exchange gain/loss £m	Exchange gain/loss £m	Total £m
1977				
1st Quarter	1,190	148	—7	141
2nd Quarter	1,224	169	—1	168
3rd Quarter	1,136	107	—2	105
4th Quarter*	1,113	88	—19	69
Year	4,663	512	—29	483
1978				
1st Quarter	1,060	119	—7	112
2nd Quarter	1,156	136	3	139

*IMI included to 31 October 1977 only.

On a current cost accounting basis, the total of additional depreciation, cost of sales adjustment and erosion of the value of trade debtors less creditors would have reduced Group income before tax for the first half of 1978 by £137m., compared with reductions of £130m. for the first half of 1977 and £251m. for the full year.

The charge for taxation, less grants, for the first half of 1978 consisted of £65m. UK corporation tax, less a credit of £11m. for UK Government grants, £27m. overseas tax and £4m. on the profits of principal associated companies. If the proposals on deferred taxation contained in Exposure Draft 19 had been adopted for the first half of 1978, it is estimated that the taxation charge would have been £24m. lower compared with about £60m. lower for the full year 1977.

Interim dividend for 1978

The Board has declared an *interim dividend* of 10.0 pence (ten point nought pence) per £1 unit of Ordinary stock of the Company in respect of the year 1978 (1977 9.0 pence). This together *with the imputed tax credit of* 4.92537 pence is equivalent to a gross dividend of 14.92537 pence (1977 13.63636 pence).

The interim dividend now declared will absorb £57m. and is payable *on 10 November 1978 to* Ordinary stockholders registered in the books of the Company on 29 September 1978.

First nine months results of 1978

The trading results for the first nine months of 1978 will be announced on 23 November 1978.

For Pension Funds and Charities

Announcing: The new Henderson Japan Exempt Trust

The successful performance of Henderson Far East Trust and Henderson Baring Japan Fund has prompted Henderson Administration to launch Henderson Japan Exempt Trust. Performance of these two trusts is as follows:

		New Tokyo Index
Henderson Far East since Oct 74	+229%	+56%
Henderson Baring Japan since Apr 76	+118%	+24%

The new Trust is specially designed to enable wholly exempt pension funds, superannuation funds and charities to invest in the fast growing Japanese markets. The Trust's investments will be managed on a day-to-day basis in Hong Kong by Henderson Baring Fund Managers Limited, a joint company formed by Henderson Administration and Baring Brothers in 1977. Initially it is proposed to concentrate the Trust's investments in Japanese securities in the following sectors:-

Automobiles	9%
Consumer & Retail	20%
Plant & Machinery	10%
Electrical & Precision	18%
Consumer Credit	4%
Housing & Construction	22%
Pharmaceuticals	4%
Textiles	4%
Transportation	3%
Cash	6%

The initial portfolio, with an estimated starting gross yield of 3-4%, will be financed 65% through a currency loan arrangement.

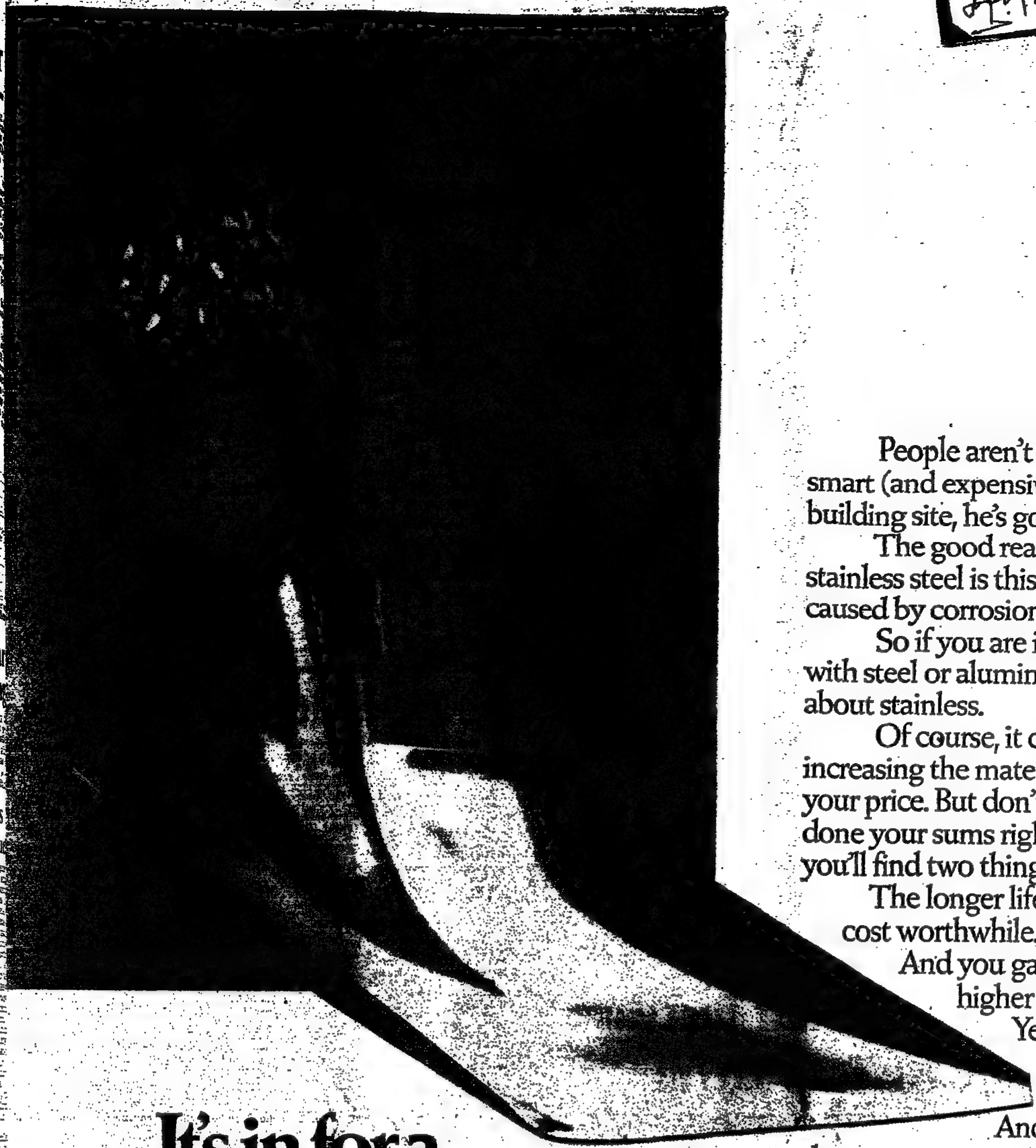
Dealings in units of the fund, which start today, take place each Friday.

For further details of this new fund, please contact Colin Day, Henderson Administration Ltd, 11 Austin Friars, London EC2N 2ED. Telephone: 01-588 3622.

Henderson Administration Limited

A member of the Unit Trust Association

Not applicable to Eire



It's in for a lifetime's hard graft. So why is it glamorous stainless steel?

People aren't fools. So when somebody orders smart (and expensive) stainless steel shovels for a building site, he's got to have a good reason.

The good reason for working with stainless steel is this...it cuts out the waste and expense caused by corrosion.

So if you are involved in designing with steel or aluminium, brass, or copper think again about stainless.

Of course, it can cost more initially. And by increasing the materials content, you push up your price. But don't dismiss stainless until you've done your sums right through, because often you'll find two things.

The longer life of the product makes the added cost worthwhile.

And you gain the two extra selling points of higher quality and cheaper maintenance.

Yes, think again about stainless.

Find out the current facts about our range of thirty different types.

And remember, our back-up service is always at your service, particularly in matching the performance of our steels to your exact needs.

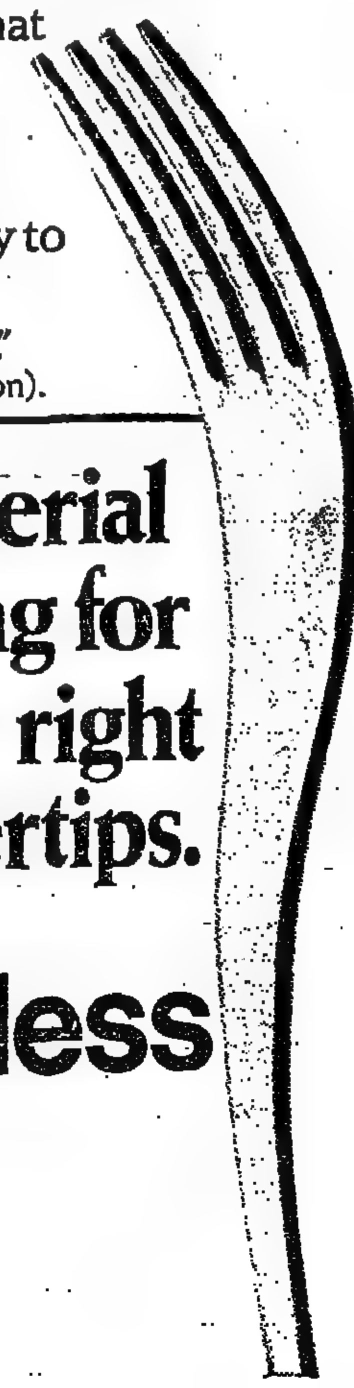
Write to Mike Whitecross,
BSC Stainless Marketing, PO Box 150, Sheffield S9 1TQ.

The cost of corrosion The Hoar Report* estimates Britain's losses from corrosion as costing us a horrifying three-and-a-half thousand million pounds.

Much of this loss is preventable. Stainless steel is the supreme example of an existing material that must be used more fully for its superb resistance to corrosion.

And British Steel has already invested £130 million in plant to double our capacity to supply it.

*"A Survey of Corrosion and Protection in the UK," published by the D.T.I. in 1971 (figures adjusted for inflation).



The material you've been looking for could be right at your fingertips.

BSC stainless

...de with BSC stainless by Stockton Heath Forge, Warrington.

ICI off £58m at half time

DESPITE SOME improvement in sales volume in the second quarter of 1978 group pre-tax profits of Imperial Chemical Industries fell from £168m to £139m in that period, leaving the total for the first half of the year some 20 per cent lower at £251m.

Stripping out the IMI interest from the 1977 figure the value of group sales in the first half showed an improvement from £2.19bn to £2.22bn. The directors report that after a depressed second half of 1977 and little increase overall in the volume sales in the first quarter of 1978, there was some increase in the second quarter which also benefited from the lower value of sterling compared with the first three months.

Profitability, however, continues to be limited by the effect of overcapacity on prices, and by increasing costs.

The value of UK sales in the first half rose by £33m to £875m but in overseas markets sales values fell by £27m to £1.34bn. The fob value of exports from the UK was lower at £435m against £454m. The reductions in the latter two figures were due to the higher average value of sterling.

The first-half profits are after deducting an exchange loss of £4m (£8m). After all charges the balance attributable to the parent company came through at £178m against £162m before extraordinary debits of £5m (£1m).

The directors point out that on a CCA basis, the total of additional depreciation, cost of sales adjustment and erosion of the value of trade debtors less creditors would have reduced pre-tax income for the first half of 1978 by £137m, compared with

	First half 1978 £m	1977 £m
External sales	2,216	2,414
Profit before tax and grants	251	309
Charged:		
Depreciation	107	109
Exchange loss*	4	8
Tax less grants	67	133
Net profit	186	176
Minorities	8	14
Attributable	178	162
Extraordinary debits	5	1

* On net current assets of overseas subsidiaries.

reductions of £130m for the first half of 1977 and £251m for the full year when the historical profit total was £483m.

The interim dividend is increased from 9p to 10p net absorbing £57m—the total for 1977 was 16.51587p.

The results of the two half years are compared win the table. The group sold its interest in Imperial Metal Industries in November, 1977, so this company's results are only included in the 1977 figures.

The charge for tax, less grants, consisted of £65m UK corporation tax, less a credit of £11m for U.K. Government grants, £27m overseas tax and £4m on the profits of principal associate. If ED 19 proposals had been adopted, it is estimated that the tax charge would have been £24m lower compared with about £60m lower for the full year 1977. When the charge was £202m.

See Lex

Sharp rise by London & European

A SHARP rise in taxable profits from £133,000 to £357,000 is reported by London and European Group for the first six months of 1978. Reflecting the change of direction in the group, turnover surged from £861,000 to £7.03m.

Mr. J. B. McGuckian, the chairman, says he is hopeful that the radical improvement in profitability will continue throughout 1978. For all last year, pre-tax profits came to £353,000.

State half-yearly earnings are 1.5p (1.1p adjusted to reflect the revised capital structure). The directors are reinstating the practice of paying an interim dividend, after two years absence, with a payment of 0.5p net per 10p share—equal to the 1977 final.

The half-year tax charge was £180,000 (nil) and after the interim dividend costing £59,000, retained earnings dropped from £133,000 to £118,000.

Mr. McGuckian states that the property division continues to produce a remarkably consistent contribution to group profit and rental income, dealing stock and cash flow are all in good order.

The chairman considers that the group has now contained difficulties relating to certain contracts negotiated by O. C. Summers prior to its acquisition, which were not returning the profitability anticipated.

Abbott Birks and Co. had an excellent half year, he reports, and indications are that this growth is being maintained.

The results of the 50 per cent owned Hamblin and Glover (Oil Field Services) have not been included in group figures as they are not considered material at present, but the chairman is hopeful of a useful contribution in 1979.

Costain up 41% to £16m at six months

IN LINE with the last year-end forecast of a further advance, pre-tax profit of Richard Costain, international contractor, jumped 41 per cent from £11.52m to £16.22m in the first half of 1978. Turnover was £260m against £197m.

Mr. J. P. Sowden, the chairman, says that international operations remain the predominant source of profits. But despite highly competitive conditions in generally depressed markets, the UK contracting companies and other activities continued to make a significant contribution.

At June 30 outstanding orders totalled some £700m, with overseas operations accounting for 75 per cent.

Bearing in mind the first-half results, Mr. Sowden anticipates a record result in the current year. Last year a peak £32.21m profit was reported.

The interim dividend is ahead from an adjusted 2.3058p to 2.5748p net per 25p share. Last year no final was paid and the interim this time again represents the maximum permitted payment for the year. Mr. Sowden says it is the directors intention, when they are able, to substantially increase dividend payments.

The profit for the period includes general trading income of £15.59m (£12.46m), rental income of £1.16m (£1.18m) and profits from property sales of £0.49m (nil). Interest charges were £1.03m (£0.94m).

After tax of £7.3m (£5.53m) net profit came out at £8.92m against £5.99m last time.

	Half-year 1978 £000	1977 £000
Turnover	260,000	197,000
Trading profit	17,243	12,456
General trading	15,590	11,281
Income from rents	1,150	1,177
Property sales	494	—
Interest payable	1,026	940
Profit before tax	16,217	11,516
Tax	7,299	5,529
Net profit	8,918	5,989
To minorities	1,982	1,068
Attributable	6,937	4,921
Pref divs.	14	14
Available	6,943	4,907
Interim dividend	1,432	1,282
Retained	5,511	3,625

● comment

Costain's profits continue to surge ahead. At the halfway stage pre-tax profits are 41 per cent higher and for the full year they could be heading for close to £30m—a fivefold increase on 1973. With the important Dubai contracts due for completion next year, Costain is obviously benefiting handsomely from its profitable Middle Eastern operations. However, UK profits were up by around a third and despite local problems Costain's Nigerian and Australian business are turning in higher profits. Given its recent heady performance the question now is what can Costain do for an encore? The Middle East market is less buoyant than it was and in relation to total turnover the group's order book is declining although in absolute terms it is still increasing. The suspicion must be that Costain's profits will soon start growing at a more pedestrian pace. However, with net cash of around £70m in the balance sheet the main interest in the shares at the moment centres on the possibility of a sharp increase in dividend. The shares yield 1.4 per cent at 250p and though the group is obviously keen to substantially increase the payout it has not figured how to, in the absence of the abolition of dividend restraint.

•BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brittains, Joseph Shakespeare.
Finals—Bracken Mines, Cray Electronic, Kinross Mines, Leslie Gold Mines, London Merchant Securities, St. Helena Gold Mines, Winkelhaak Mines.

FUTURE DATES

Interims—	
British Vita	Sept. 14
Bunzl Pulp and Paper	Oct. 3
Edinburgh Investment Trust	Oct. 9
Hestair	Sept. 20
Sheffield Twist Drill and Steel	Oct. 3
Ward White	Sept. 22
Finals—	
Bell (Arthur)	Sept. 14
Blue Bird Confectionery	Sept. 22
Ferry Pickering	Sept. 20
Kennedy Smale	Sept. 12
Trafford Park Estates	Sept. 14

The interim dividend is again 1.75p—last year's final was 2.36p.

Tax charge in the first half is £54,777 (£10,410) leaving net profits at £127,813, compared with £106,986. The tax rate is the estimated rate on a year's profit while provision is not made for corporation tax deferred by stock appreciation relief.

The board continues to be actively involved in the closure of small stores and is also concentrating on the acquisition and opening of larger ones.

The directors are confident that the re-organisation under the Decormecca name has enabled them to take maximum advantage of these favourable trading conditions. The wholesale operation in the West of England has benefited from the improved market conditions and has contributed a very satisfactory increase to group turnover and profits.

Sharpe and Fisher up at halfway

WITH AN increase in its volume of trade and an improvement in its bad debt experience, pre-tax profit of Sharpe and Fisher climbed from £315,047 to £434,381 in the first half of 1978.

Turnover of the builders' merchant etc. rose from £7.2m to £8.46m, and directors say indications are that there is still an increase in volume over last year. If this and the improved bad debt experience continue, there is no doubt the company will have a record year. For all 1977 profit totalled £0.91m.

The profit is subject to tax of £226,000 (£164,000) and net profit was £208,381 (£151,047).

The interim dividend is up from an adjusted 0.56p net per 25p share to 0.7p to reduce disparity. Last time a 1.33632p final was paid.

Directors say they believe the value of group properties is substantially in excess of the balance-sheet value and that a revaluation is being arranged. In the first-half results, provision has been made for depreciation of freehold properties.

They say a Sandfords DIY store opened in Poole at the beginning of August and is trading satisfactorily. A fourth store will be opened in Worle, Weston-super-Mare, in the middle of October and a fifth store is planned to open in Buckinghamshire in early-1979.

First-half rise at Morris & Blakey

Turnover of Morris and Blakey Wall Papers improved from £3.92m to £5.08m in the first six months of 1978 and pre-tax profits were higher at £182,590 compared with £117,376 in the same period last year.

The directors say the improved trading continued in July and August and if there is a similar improvement in market conditions in the second half, then profits should show a substantial increase over the £311,000 pre-tax achieved in 1977.

£7m second half increase pushes BET to £67m

AN ADVANCE in pre-tax profits from £30.8m to £38.03m in the second half by the British Electric Traction Company, lifted the result for the year ended March 31, 1978, from £55.31m to a record £67.04m. Sales were ahead from £512.86m to £631.15m.

Stated earnings per 25p deferred share before extraordinary items improved from 13.4p to 17p and the net total dividend is lifted from 5.168p to a maximum permitted 5.78p, with a final of 4.086p.

	Year 1977-78 £000	1976-77 £000
Turnover*	631,154	512,562
Trading profit	66,358	55,040
Investment income	3,759	3,032
Associates	4,340	2,770
Interest	6,886	11,142
Profit before tax	67,042	55,310
Tax	31,631	29,144
Net profit	32,411	25,166
Minorities	7,384	5,616
Extraordinary credits	369	†423
Attributable	25,195	19,127
Pref. dividends	114	114
Deferred ordinary	8,341	7,392
Retained	16,634	11,385

* Excludes investment income and associates' turnover. † Debit.

First half (to June 30, 1978) turnover of the subsidiary, Argus Press Holdings increased from £3.87m to £8.35m, all of which is contributed by the operating company, Argus Press.

Profit more than doubled from £333,100 to £1.28m after interest received, £61,000 (£85,300), etc. Tax charge is £703,000 (£300,400) giving earnings per share of 17.08p against 7.33p.

The interim dividend is lifted from 3p to 6p per 25p share, while Argus Press is declaring a 12p (6)p interim.

● comment

Pre-tax profits at British Electric Traction are 21 per cent up, after a second half which showed slightly more of the running. Despite the group's diversity, two activities contribute roughly three-fifths of profits. Fortunately, one of these, the freight and passenger transport division (primarily United Transport) led the way with a 30 per cent increase in taxable profits to just under £20m. Much of the growth came from overseas operations, notably in African countries. Meanwhile, the other important division, Rediffusion, has only marked time due to continued losses in Hong Kong. Better results, however, were achieved by Thames TV (where BET has a 30 per cent stake), the previously depressed opencast mining company, Murphy Brothers, and the group's printing and publishing interests. Hong Kong remains a problem and the growth in TV advertising has fallen off a bit since the year end but BET is widely spread and should maintain the momentum in the current period. The improved associate contribution (mainly Initial Services) and a lower-than-expected tax charge helped profits beat most market estimates and the shares ended 8p higher at 118p. The p/e is 6.6 and the yield is (8p) interim.

Bulmer's sales hit by weather

DUE TO the bad weather this year the sales performance at H. P. Bulmer, the Hereford cider maker, has been disappointing but up to the end of July profits have not been so badly affected.

The group is applying for implementation of the balance of the cider price increase, deferred last April, and until "this vital matter is resolved" is not commenting on the full year's profit outlook.

Speaking at yesterday's AGM, Mr. Peter Prior, chairman, pointed out that in the first two months of 1978-79 cider sales had shown a modest volume increase but cold and wet weather has since reversed the position and he now expected cider sales volume for the year as a whole to be only slightly better than that of 1977-78.

However, up to the end of July, profits had not been so badly affected by poor sales as would have been expected but the group was continuing to review and, where necessary, to reduce capital and operating expenditure which would help protect margins and cash flow.

The chairman said he expected a very good apple crop this year which would help to stabilise raw material costs next year. In addition the Australian subsidiary had continued to make excellent progress following its maiden profit last year.

Recovery trend at S. Sherman

Measures to re-structure the business of Samuel Sherman, the ladies' dressmaker which has totted up losses of over £0.4m in the past three years, should lead to a near break-even trading position in the current year.

Mr. D. Roberts, the new chairman, tells members that it has been decided to close the Old Kent Road factory and sell the freehold premises. This will result in a useful improvement in liquidity.

In the first half of the current year there have been further exceptional expenses to absorb, particularly those associated with the factory closure and the changed management.

The chairman says that measures implemented in the first half will have their main impact in the second six months and indications are that the group should approach a breakeven trading level by the end of the year.

He reiterates his confidence that the policies pursued will result in a strong and successful company in the future.

Birmingham Mint makes good start

At the AGM of the Birmingham Mint, Dr. B. J. A. Bard, the chairman, said that the improved trend predicted in his annual statement was being fully borne out by results in the current year with pre-tax profit for the first four months to end-July in excess of £200,000.

The forward order book continued to be strong and gave grounds for considerable optimism for the year as a whole, he told the meeting.

New leisure group in Scotland

Black and Edgington and R. and A. Millett (Shops) have agreed to establish a joint company Milletts Scotland to develop their interests in Scotland.

Blacks currently have 31 retail shops throughout the UK, and of these, 27 specialise in camping and trade as Blacks Camping and Leisure. The remainder trade as Milletts and those will form part of the new company which will be managed by R. and A. Millett (Shops).

Millett (Shops) is based in Northampton and has a chain of 90 leisure wear and camping stores throughout England and the Channel Islands.

Milletts Scotland is actively seeking new stores and expects to announce several new sites soon.

ISSUE NEWS AND COMMENT

BPC raising nearly £4m—halftime profit doubled

ON THE basis of three-for-10, British Printing Corporation is issuing just over 9m ordinary 25p shares at 44p each to raise £3.8m.

In addition to the rights issue, the company announces pre-tax profits up from £1.13m to £2.36m for the first half of 1978 and an interim dividend of 1.1p net (1p). For the full year the directors intend to pay 3.5p on the increased capital, a 10 per cent increase.

The directors say that they do not expect that the same rate of profits increase will be achieved in the second half as obtained in the first. However, 1978 profits will exceed the previous year's £5.79m pre-tax, in spite of continuing losses at Sun Printers.

A comprehensive productivity agreement was signed with the relevant trade unions at Sun Printers in April, and the aim remains for this company to break even within two years, the directors state.

The substantial increase in first-half 1978 profits stems from a continued higher level of demand from customers for printing services and from improved trading conditions in UK publishing.

Explaining the rights, the directors say that in recent years the company has carried out a programme of reorganisation and rationalisation of the corporation's activities. At the same time it has continued to invest substantially both to re-equip and to improve further the efficiency of its operations as well as to finance new ventures in its established businesses.

The corporation's activities are now appropriately balanced between the three main divisions of printing, packaging and publishing, and there is a "stable basis from which to generate future growth."

The programme of reorganisation and investment has, however, taken place during a period in which high inflation has increased working capital requirements. The combined result has been to increase substantially the level of borrowings which are high in relation to shareholders' funds. In addition, the company plans further capital expenditure to continue modernisation and re-equipment.

Initially, the proceeds of the issue will be used to reduce short-term UK bank borrowings.

The new shares are payable in full on acceptance. It is anticipated that dealings will begin on September 11.

	26 weeks 1978 £000	1977 £000
Sales	89,387	72,398
Trading profit	4,156	2,908
Printing	1,914	1,017
Packaging	1,071	1,295
Publishing	1,171	686
Interest	1,792	1,726
Pre-tax profits	2,364	1,126

An extra-ordinary meeting is being called for October 4 to consider a resolution to increase the ordinary capital. Following the rights, BPC will have a small amount of authorised unissued capital and the di[rectors] believe that this could rest[ore the] corporation's flexibility to [take] advantage of any opport[unities,] for example acquisitions, th[at may] arise in the future.

● comment

From a low base, British P[rinting] Corporation's 110 per cent rise in the first half is no[...] than the market was ex[pecting.] While printing services an[d] publishing came through, th[e] Sun Printers continues to [make] heavy losses and this com[bined with] poor short-term prospect[s is] clearly the reason behind the corporation's cautious view [of the] second half. The short-term [effect] of Sun's recently-conclude[d pro]ductivity agreement will [be a] sharp increase in labour [costs] and this year's deficit could [match] or even exceed, last year's [...]. Overall, BPC looks set to [make] around £7m for the year[, a] fifth increase. Meanwhile [the] corporation has been very [highly] geared for many years [so a] reduction in borrowing [is] obviously a welcome move. [How]ever, the £3.8m cash call is [a] dramatic one as it only [cuts] net borrowings from 75 per [cent] to 60 per cent of shareh[olders'] funds (including deferred [tax).] The shares ex rights yield [...] cent while the prospective [p/e is] 5.9 on average capital [fully] taxed).

Hill and Smith £1.6m packag[e]

Birmingham-based steel stockholders, metal fabricators, fencing and safety barrier manufacturer Hill and Smith is to raise £1.57m through a one-for-seven rights issue of ordinary shares and a £1m 14 per cent First Mortgage Debenture.

The company intends to raise its dividend by more than 75 per cent over two years.

The new shares are being offered at 73p, compared with yesterday's market closing price of 86½p, to holders registered August 20.

In addition, shareholders may subscribe for £2 nominal of the debentures, which mature in 2000-2003, for every 11 ordinary shares they hold. The debentures are offered at 99p per cent, payable in two tranches—25p on acceptance and 74p by October 27.

The latest date for acceptance of both issues is September 29, and Stock Exchange dealings should start, on a nil-paid basis, on September 11.

The company says the funds are being sought to provide additional working capital and as a base for further acquisitions which are being actively pursued.

Mr. T. Hampson Silk, the chairman, says the group pre-tax profit in the year ending September 30, 1978, will be not less than £1m, compared with £927,000 in 1976-1977.

The directors intend to recommend a final net dividend for 1977-78 of 2.25p, bringing the total for the year to 3.00p, a 30 per cent increase on a fully comparable basis.

The Treasury has agreed to this dividend. Subject to Treasury consent the directors expect to pay a total dividend for 1978-79, which will be 75.9 per cent higher than the 1976-77 level.

The issue's managing underwriters, Greene and Co., regard the decision to raise debenture capital for a company the size of Hill and Smith as most unusual and point out that it avoids the dilution of equity that would have taken place if the funding had been done entirely through an ordinary share issue.

The company has an issued equity capital of £1.35m of which the chairman and his family hold around 27 per cent. They will not take up the whole of their allotment in the rights issue.

● comment

Hill and Smith's funding package has two unusual features—the small discount to the market price and the concept of raising a first mortgage debenture for so small a company. The underwriters point out the tax advantages of debentures over preference shares and express astonishment that this procedure has not been followed before. The company has consistently managed to raise profits despite the problems of the steel industry and its forecast of not less than £1m appears conservative. Hill and Smith has had considerable recent success with its crash-barrier division but is looking to steel lintels for much of its immediate future growth. The management estimates it can raise its share of the £25m UK steel lintel market to 20 per cent from the present 2.4 per cent over the next three years. The rights will be used partly to reduce the company's overdraft (it currently has debts of £2.5m) but it clearly has some acquisition in mind, most probably an engineering company. The operation will allow Hill and Smith to reduce its high level of dividend cover, and at 86½p the shares offer a prospective p/e (on a full tax charge) of 4.6 and a yield of 5.3 per cent.

RATNERS BIG DIVIDEND RISE

Ratners (Jewellers) has been given permission by the Treasury to increase this year's divid[end to] 2.345p net (0.426658p) [after a] rights issue—announced [yester]day—to raise £0.69m.

Ratners is issuing 1.8[m] ordinary 10p shares at [...] the basis of one-for-10. [Dealings] in the new shares are ex[pected] to start on September 11.

The new ordinary shares rank for the 1977-78 final of 0.19014p payable on O[ctober] 6.

A spokesman for the co[mpany] said yesterday that the cash [will] be used to continue the exp[ansion] programme. So far this ye[ar ...] new shops had been opened [with] a target of at least 10 [by the] end of April, 1979.

Ratners' shares closed [...] at 78p after touching 80p [at one] stage. The "A" shares o[f H.] Samuel, which has a 19 pe[r cent] stake in Ratners, rose 4p t[o ...]

PROVL. LAUNDR[IES] LOAN STOCK

Around £0.34m is being rai[sed by] Provincial Laundries throu[gh an] issue of £0.36m 12 per cen[t Con]vertible Unsecured Loan [Stock] 1986-88, on the basis of £1 [...] of stock for every 11 [...] shares.

The stock will be conv[ertible] into ordinary shares at [a con]version price of 10p duri[ng the] years 1980 to 1986. PL's [shares] closed 1p higher at 10½[p last] night.

A spokesman for PL sai[d] the cash will be used mai[nly to] fuel growth in the garment division.

The company also anno[unced] first half profits of £33,119, [com]pared with a loss of £28,186. [The] interim dividend is kept at [...] net.

Last year's dividend tota[lled] 0.3934p and there was a [...] deficit of £28,800.

Gibbons Dudley slips £0.22m after loss in refractories

A SHARP improvement in the taxable earnings of the engineering division from £460,000 to £673,000 at Gibbons Dudley in the first half of 1978 was not enough to offset the setback in refractories where there was a loss of £94,000, compared with a £441,000 surplus last time. The group finished the half-year with profit £220,000 lower at £1.65m on external turnover ahead from £18.12m to £19.42m.

The directors say that the results for the second six months should be better than those for the opening half but it is not expected that the full-year figures will exceed those of 1977 when profit was a best-ever £4.23m.

The technical difficulties in the refractory division reported by the directors in May were followed by a severe worsening of the general trading climate. All companies in this section are at present operating below full capacity. The division is expected to produce some profits in the second half but a return to a really satisfactory level of activity cannot be foreseen in the immediate future they now say.

The net interim dividend is raised to 0.74326p (0.66561p) per 25p share and absorbs £144,000—the final last time was 1.83656p. In addition an extra 0.0278267p is to be paid for 1977 following the recent change in the rate of ACT.

Demand for bricks and field drainpipes from the building products division, whose profit was marginally higher at £554,000 (£541,000) at midterm, is reasonably healthy. The new Throckley factory has taken longer to attain design output than was anticipated. However an increase in profit is forecast for the division in the second six months.

	Half-year 1978 £000	1977 £000	Year 1977 £000
External sales	19,422	18,122	46,206
Refractories	6,433	[illegible]	12,753
Build. products	3,671	4,548	10,313
Engineering	8,870	6,476	27,713
Indust. estates	268	450	976
Intra group	180	378	5,550
Pre-tax profit	1,647	1,867	4,228
Refractories	(94)	441	445
Build. products	554	541	1,436
Engineering	673	460	1,684
Indust. estates	278	244	462
Parent	9	80	138
Interest recv'd	33	101	73
Tax	373	18	441
Net profit	1,273	1,849	4,184
From minorities	28	*14	13
Extraord. debits	2	28	60
Attributable	1,296	1,509	4,110

* Minority profit.

Results from engineering were very much as expected and at full time should be in line with the £1.68m seen last year.

The services offered by t[he in]dustrial estates division, [whose] half-time profit was £[...] (£244,000), have been in goo[d de]mand and the division cont[inues] to make satisfactory progre[ss, the] directors add.

The company has charge[d de]preciation on buildings [since] January 1, 1978, in accor[dance] with the recent accou[nting] standards. It amounted to £[...]

Sharna Ware

Pre-tax profit of Sharna [Ware,] plastic ware maker, rose [from] £84,567 to £109,276 in the Ju[ne] 1978 half-year. After ta[x of] £56,823 against £43,975 net [profit] came to £52,453 compared [with] £40,592 last time.

Turnover for the period w[as up] from £4.45m to £4.93m. [The] interim dividend is lifted [from] 0.90p net per 20p share to [...] last year a 1.4036p final wa[s paid] on record profits of £0.77m.

RESULTS AND ACCOUNTS IN BRIEF

AILSA INVESTMENT TRUST—Results for May 31, 1978 year reported August 16. Quoted UK investments at market value £6.72m (£7.46m), outside UK £0.92m (£1.14m). Unquoted at directors' valuation £0.65m (£0.61m). Current assets £0.32m (£0.45m), liabilities £0.22m (£0.6m). Liquid funds decreased by £162,100 (£120,209 increase). At August 17, 1978, Cornhill Insurance Company held 12.07 per cent of equity and American Trust Company 9 per cent. Meeting, Glasgow, September 27, 12.30 pm.

CENTREWAY (investment holding company)—Results for year to March 31, 1978, already reported. Group fixed assets £1.4m (£1.31m). Net current assets £1.73m (£0.39m). Meeting, Birmingham, October 6 at 12.30 pm.

WILLIAM COOK AND SONS (SHEFFIELD) (steel founder)—Results for March 31, 1978, year reported August 9. Fixed assets £1.33m (£1.3m), net current assets £502,000 (£220,000). Net liquid funds decreased by £117,000 (£103,000 increase). Meeting, Sheffield, October 5, noon.

INCH KENNETH KAJANG RUBBER—Unchanged interim dividend 1p gross, pay September 27.

HAROLD INGRAM—Results for the year to April 30 1978 already known. Group fixed assets £1.26m (£1.09m). Net current assets £1.49m (£1.56m). Statement of source and application of funds shows a £130,721 increase (£207,346 decrease) in net cash balances. Chairman reports trading in the first quarter of the current year shows an encouraging improvement. Meeting, 27, Newman Street, W. on September 15, at 11.30 am.

JOHN JAMES GROUP OF COMPANIES—Results for the year to March 31, 1978, already reported. Group fixed assets £3.19m (£3.04m). Current assets £16.14m (£13.08m). Quoted investments £2.56m (£9.31m). Current liabilities £10.4m (£10.3m). Meeting, Bristol, on October 2, at noon.

LAZARD BROTHERS STERLING RESERVE FUND—Net revenue for period from December 29, 1977 to June 26, 1978 £44,501 (£25,451 for period from November 30, 1976 to June 27, 1977) equal to 1.7p per share based on 2,769,511 participation shares (3.11p on 820,131 shares).

LONDON AND GARTMORE INVESTMENT TRUST—Results for June 30 1978 year reported August 30. Listed investments at market value in UK £1.51m (£2.24m), abroad £2m (£1.97m). Unlisted at directors' valuation £9,724 (£29,350). Net current assets £1.24m (£75,381). Chairman says reinvestment in overseas markets and lower yielding UK growth companies will mean reduction in income for current year. Meeting, 2, St. Mary Axe, EC, September 26, at 3 pm.

LONDON AND GARTMORE INVESTMENT TRUST—Results for year to June 30, 1978, already reported. Investments £3.39m (£5.34m). Unrealised appreciation £307,170 (£1.36m). Net current assets £1.24m (£75,381). Chairman says reinvestment in overseas markets and lower yielding UK growth companies will mean reduction in income for current year. He hopes superior capital performance will more than offset any reductions in dividend. Meeting, 2, St. Mary Axe, EC, September 26 at 3 pm.

LONGTON TRANSPORT (HOLDINGS)—Results for year to March 31, 1978, already known. Group fixed assets £7.50m (£4.1m). Net current assets £1.43m (£2.11m). Meeting Stoke-on-Trent, on September 27, at 3pm.

MANSON FINANCE TRUST—Results for year to April 30, 1978, reported July 19. Mortgage advances £13.88m (£10.35m). Deposits £6.27m (£4.24m). Loans and advances £5.07m (£3.99m). Meeting, Grosvenor House Hotel, W. on September 27, at noon.

MIDLAND EDUCATIONAL COMPANY—Results for year ended March 31, 1978 reported August 11. Group fixed assets, £1.39m (£1.3m). Net current assets, £513,673 (£702,026). Chairman says there has been encouraging start to current year with cash sales for the first 19 weeks showing increase of 21.8 per cent over same period last year. Meeting, Birmingham, September 29 at noon.

LAWRENCE SCOTT (electrical machinery and control gear)—Results for year to March 31, 1978, reported July 27. Group fixed assets £6.81m (£5.75m). Net current assets £13.41m (£11.07m). Meeting, Great Eastern Hotel, September 28 at noon.

SMITH WHITWORTH—Results for the year to March 31, 1978, already reported. Group fixed assets £404,191 (£351,632). Net current assets £274,167 (£30,739). Meeting, Rochdale, on September 22, at 11 am.

JOSEPH WEBB AND CO.—Results to March 31, 1978, reported August 17 with prospects. Group fixed assets £6.01m (£4.78m), current assets £0.93m (£0.82m), current liabilities £2.73m (£1.72m). Meeting, Dudley September 29, at noon.

H. WOODWARD AND SON—Turnover for half year to March 31, 1978, £3,041,164 (£4,521,274). Pre-tax profit £215,683 (£225,141) after depreciation 242,918 (£272,354) and interest £28,155 (£49,213). Tax £104,029 (£102,636) leaving £111,653 (£128,505). Interim dividend 0.5p (same).

Rotork Limited

Interim Announcement

Unaudited results for the six months ended 30th June 1978

	1978 £m	1977 £m
Turnover	8.94	7.02
Profit before taxation	1.45	1.40
Profit after taxation	0.70	0.68
Earnings per share	7.5p	7.4p
Earnings per share after capitalisation issue	3.8p	3.7p

In a difficult and highly competitive international trading climate the Group's first half profit, showing a modest increase over the same period last year, was only achieved through a determined effort to increase turnover substantially.

Creditable results have again been achieved by the Controls and other Engineering Divisions and these are expected to continue throughout the year, although margins will remain under pressure. With a large part of our business in North America, adverse movements in the dollar can have an appreciable effect on the figures.

The Marine Division has had an unsatisfactory start to the year and has fallen well below our expectations. However, corrective action has now been taken and the Division's results will begin to show an improving trend in the second half.

Dividend

The Directors recommend an Interim Dividend of 0.65p per share (1977 equivalent 0.585p) to be paid on 31st October 1978 to shareholders on the register at the close of business on 29 September 1978. The Interim Dividend will absorb £105,795 after a waiver of £14,960 (1977 £91,682 after a waiver of £14,777).

rotork

Abel Morrall Limited

INTERIM RESULTS — UNAUDITED

	6 months ended 30.6.78 £000's	6 months ended 30.6.77 £000's	Year ended 31.12.77 £000's
Sales	3,769	3,392	7,341
Group profit before tax	177	293	710
Group profit after tax	85	139	383
Profit available for ordinary shareholders	54	108	322
Interim Dividend per 25p share	0.576p	0.576p	—

"The cautious view which I expressed at the Annual General Meeting has, in the event, been justified. After two years of sustained growth in profit, the results for the first half of this year are disappointing. Sales up 10.4% were insufficient to cover increased costs. An improvement is expected during the second half of the year, but we are not likely to reach last year's record profit figure".

S. V. Weber, Chairman

Manufacturers of
"Aero" knitting pins,
"Aero" haberdashery,
Hand sewing needles,
Handicraft and allied products

CLIVE WORKS · REDDITCH

Daejan Holdings Ltd.

Year ended 31st March 1978

Pre-tax Profits	**£2,474,000**
Earnings per share	**10.80p**
Dividends per share	**2.9975p**

Mr. Leonard Tobin, Chairman, reports:-

✱ Our results are very much in line with what we expected and are probably the best ever achieved.

✱ Our Swiss franc loan is being continued as a medium term Sterling loan which will eliminate further drains on our reserves.

✱ *I am confident that because of the inherent soundness of our structure, our prospects are and will continue to be encouraging.*

Copies of the Company's full Report and Accounts may be obtained from: The Secretary, Daejan Holdings Limited, Freshwater House, 162 Shaftesbury Avenue, London WC2H 8HR

BIDS AND DEALS

Over 2m votes against Pearson terms

Four fund managers have put their signatures to a detailed letter to other institutional holders of shares in Pearson Longman explaining why they intend to reject the offer from S. Pearson.

The four are Mr. C. J. Kirman of Atlas Electric and General Trust, Mr. G. J. Titford of British Petroleum Pension Fund, P. A. Wakeman of Clerical Medical and General Life Assurance, and Mr. J. P. Smith of Equity and Law Life Assurance.

Their letter concludes: "As investment managers of institutions holding 1.5m shares we intend to reject this offer and hope to retain our Pearson Longman shareholdings, unless a significantly better offer is forthcoming. We understand that further institutions with over 500,000 shares are also intending to reject the offer."

S. Pearson promptly replied that "if the number of votes required to pass the proposals are not received no increased offer will be made." (If 3.75m votes were cast against the bid it would be defeated.)

Mr. Michael Hare, chief executive of S. Pearson, said last night that if the offer is rejected "it would not be practical for us to come back again" after the compulsory 12 months gap. "If Pearson Longman's situation had declined we could hardly make a lower offer and in no way are we prepared to make a higher offer."

The statement from S. Pearson stressed the company's belief, shared by the independent directors and advisers, Schroder Wagg, that "acceptance of the offer on the terms proposed is in the best interests of both businesses and of both sets of shareholders."

S. Pearson *notes* that there "has not been any criticism as to the principle of the offer but rather to its terms," a point on which the four fund managers agree.

The seven detailed objections they raise to the bid are solely on the grounds of the terms which they say "clearly undervalue Pearson Longman."

They say that the offer values Pearson Longman on an exit p/e of 9.8 fully taxed but that since earnings were depressed by industrial disputes in two main divisions a more normal level of profits would have produced a lower exit p/e.

In any case S. Pearson's shares are valued on the market at around the same multiple so the offer fails to provide a premium over Pearson Longman's share rating in the market. This provides no incentive for Pearson Longman shareholders to give up their holdings in a "coherent" publishing group for holdings in "a widely diversified company."

Mr. Hare pointed out yesterday that the offer does provide a premium of 30 per cent in capital terms as well as a continuing interest in Pearson Longman through S. Pearson.

The institutions also say that S. Pearson's profits rose by a lower percentage than Pearson Longman's in the first half of this year, although Mr. Hare says that traditionally S. Pearson earns the bulk of its profits in the second half.

Other points raised are that the income comparison made in S. Pearson's offer document pays no attention to Pearson Longman's ability to forecast increased dividends and that the terms compare unfavourably with other recent bids for minority interests.

Finally, the institutions claim that *S. Pearson's last balance* sheet, while strong, showed a net cash deficit (excluding Pearson Longman) of £20m and a further £8.8m cash had since been spent on acquiring Madame Tussauds. Pearson Longman on the other hand had a net cash surplus of £13m.

Mr. Hare said that it was not fair to talk exclusively of cash assets. S. Pearson had large portfolio investments in the UK and the U.S. in addition.

S. Pearson will shortly be making a detailed reply to the letter from the fund managers.

Goode Durrant recovers: full bid for Rawlings

REPORTING A recovery from losses of £308,000 to a £286,000 profit for the half year ended April 30, 1978, the Goode Durrant and Murray Group is coming to the rescue of its publicly quoted subsidiary, Rawlings Bros.

Rawlings, a property development and building group, is already 81.2 per cent owned and GDM is making an agreed bid of 10p for each of the 1.7m shares not already owned.

Rawlings reported a loss for 1977-78 of £4.84m but has done better at the half year, reducing the deficit from £331,000 to £35,000 on turnover of £4.73m against £3.3m. Tax credit is £11,000 (£85,000).

Mr. L. E. Robinson, chairman GDM says the reshaping of the UK business referred to in his annual statement is beginning to show results.

This, together with the improved performance from Rawlings and the fact that the overseas companies continue to do well has enabled the group to return to profitability. "I view the second half of the year with confidence."

For the year to October 31, 1977, GDM incurred a loss of £4,639,000 virtually all of which was due to the Rawlings' result.

	Six months 1978 £000	1977 £000
Turnover	29,[illegible]	32,[illegible]
Profit before tax	286	*308
Tax	133	112
Net profit	153	*620
Minorities	2	*162
Extraordinary debit	[illegible]	110
Preference dividend	9	9
Surplus income	[illegible]	‡436

* Loss. † Credit. ‡ Excess of charges.

The offer by GDM is conditional upon acceptances being received in respect of not less than 90 per cent of the shares under offer from not less than 75 per cent in number of the holders of such shares or such lesser percentages as GDM may decide.

Rawlings and its subsidiaries have for some time been able to continue trading only with the financial support provided by GDM; the loans from GDM to Rawlings currently amount to some £3.4m.

The consolidated balance sheet of Rawlings at October 31, 1977 showed a net deficiency of ordinary shareholders' funds amounting to £1.6m, based on a professional valuation of the group's properties in September, 1977.

A review of the 1977 valuation, carried out by the valuers in August, 1978 indicated some increase in the value of the group's properties, but taking this into account, a considerable deficiency of ordinary shareholders' funds remains, and it is considered that there is little prospect of the profits of the Rawlings group being sufficient to eliminate this deficiency in the foreseeable future.

The directors of Rawlings, who are being advised by Hambros Bank, consider that the terms of the offer are fair and reasonable and intend to recommend shareholders to accept and have agreed to accept in respect of their own holdings. The offer document will be sent to ordinary shareholders as soon as possible. GDM are being advised by Samuel Montagu and Co.

NO PROBES

The proposed mergers of BAT Industries and the Appleton Papers division of the NCR Corporation, and BTR and Worcester Controls Corporation, are not to be referred to the Monopolies Commission.

SANDHURST MKTG. OFFSHOOT SELLS SUSSEX FACTORY

Sandhurst Marketing subsidiary Spectra Automotive and Engineering Products, whose principal activity is the manufacture of industrial chemical products—has agreed to sell its factory premises at Haywards Heath, Sussex, for £223,000.

Negotiations are in an advanced state with the Department of Industry for Spectra to lease a new factory being constructed at Newquay, Cornwall. This is within a development area, and Spectra will therefore have the benefit of grants under the Industry Act 1972.

Sandhurst, through another subsidiary, has also acquired the capital of BV Handelmaatschappij Cytex, a Dutch company which acts as a distributor in Holland for Spectra's engineering products, and it is intended that *Cytex should also develop the* sales in Europe of Spectra's car-care products. The price, which is partly based on the results of Cytex for the six months to July 31 1978, is anticipated to be about £10,000.

RIX REPLIES TO DISSIDENTS

The shareholder ginger group at Oliver Rix which is opposed to the merger terms with Manchester Garages, has won a full formal letter from the company.

All shareholders of Rix were sent yesterday a letter from Mr. A. K. L. Stephenson, chairman of Rix, saying that the dissident shareholders' points could be answered.

They had claimed that since Rix was on the path to recovery it would do better to stay independent. However, Mr. Stephenson says that consider- investment is still needed and that could hold back recovery if the company stayed independent, because of a shortage of funds.

Merging with MG would strengthen the capital base and increase the longer term potential.

In the long run, he points out, Rix's shareholders will end up with 31 per cent of the new company. In any case, prior to this state (which will occur once all the loan stock has been converted) Rix's shareholders will get the income from the loan stock as well as preference shares or a cash alternative (not available to MG's shareholders).

Finally Mr. Stephenson claims that Rix's shareholders will get a better dividend deal out of the merger than MG's. Whereas the latter will get a 42 per cent increase on last year's payment if the deal goes through, Rix's shareholders will see their income on ordinary shares increase by 442 per cent and debenture holders' income will double.

The directors do, however, admit that Rix has paid no dividends for three years to the end of 1977.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at August 30, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 129.40
Clive Fixed Interest Income 114.12

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel: 01-623 6314
Index Guide as at September 7, 1978
Capital Fixed Interest Portfolio 100.00
Income Fixed Interest Portfolio 100.00

MINING NEWS

Why Amax is attracting Socal's attention

BY KENNETH MARSTON, MINING EDITOR

AFTER Atlantic Richfield's successful acquisition last year of Anaconda, news of another approach by a U.S. oil giant to a mining major in that country comes as no real surprise. There are sound reasons why Standard Oil of California (Socal) should seek diversification in bidding for Amax.

Not least is the fact that Amax has a major stake in the alternative energy source to oil, that of the group's big coal ventures in the U.S. It also has the copper production capacity to provide the means of transmitting the electrical power generated by coal.

Apart from this, there are the basic revenuing - producing molybdenum interest of Amax together with natural gas, nickel, lead, zinc, iron ore and potash fertilisers. Furthermore, at the end of last year as much as 75 per cent of the company's property, plant and equipment was less than five years old.

A star in the Amax crown is the Henderson molybdenum mine at Colorado which will have cost over $550m (£282m) by the time it builds up to full production in 1980. Such is the rapid acceleration in mine construction costs that the mine would require expenditure in the region of $1bn if embarked upon today.

Although Amax common shares have recovered this year from a low of $31½ to yesterday's pre-suspension price of $45½, the latter values the company at $1.47bn—well below the stated asset value "exceeding $3.1bn." Clearly, this asset value would be far higher if one takes into account the current costs of establishing the various mining operations.

In rejecting the Socal approach, Amax has said that its big investment programme is just beginning to be reflected in financial results—not yet, it seems in dividends—and the Socal proposal is not regarded as favourable in the light of Amax's sound finances, high concentration of reserves within the U.S. and substantial position in various sectors of the mining industry.

For good measure Amax has added that any combination of Amax and Socal would raise serious and substantial U.S. anti-trust questions. What remains to be seen is whether a revised bid will be forthcoming, a matter of particular interest to London's Selection Trust which has a stake of 8.3 per cent in Amax.

In turn, Charter Consolidated holds 25.8 per cent of Selection Trust. In London yesterday, shares of Selection Trust rose 29p to 495p, after 510p, while those of Charter were 4p up at 134p.

Gen. Mining doing well

SOUTH AFRICA'S General Mining announces increased half-year earnings, a higher interim dividend and a proposal to split each of the R2 shares into five shares of 40 cents.

Net profits for the six months to June 30 have risen to R28.32m (£16.79m), equal to 340 cents per share, from R21.4m a year ago and the 1976-77 total of R43.27m. The interim dividend is raised by 15 cents to 105 cents; the previous year's total was 225 cents. General Mining R2 shares were £19½ yesterday.

Aboriginals refuse to sign Ranger agreement

THE AUSTRALIAN Government's hopes of a rapid start to construction at the Ranger uranium deposit in the Northern Territory receded yesterday when Aboriginal landowners stiffened their resistance to mining and refused to sign a draft agreement reached with the Government a fortnight ago.

Mr. Galarrwuy Yunupingu, the chairman of the Northern Land Council which represents Aboriginal interests, said the agreement would not be signed until the Government gave an assurance that Pancontinental Mining would never mine the Jabiluka deposit.

His statement was made as Mr. Malcolm Fraser, the Prime Minister, and Mr. Douglas Anthony, his deputy, flew into Darwin for Northern Territory self-government celebrations. Earlier Mr. Fraser had suggested a meeting with Mr. Yunupingu.

Unless the Aboriginals can be persuaded to soften their attitude then construction at Ranger, a joint venture between Peko-Wallsend, EZ Industries and the Government, is likely to be delayed until next June, after the coming wet season.

The Government had assumed that once the agreement with the Northern Land Council covering royalty payments from Ranger and the conditions for mining had been settled, then the way was open for an early start at Ranger.

Over the last week, however, a shift in the Aboriginal stand has taken place, linking Ranger to Jabiluka. There has been particular concern about the Government's decision to allow Pancontinental to build an extension to the Arnhem Highway, despite *Government protestations* that this did not signify an approval to mine.

MINING BRIEFS

KILLINGHALL TIN—Output for August 61 tonnes (July 52½ tonnes).

GOLD AND BASE METAL MINES—Output of tin concentrates (73 per cent grade) for July: Tin, 21 tonnes, columbite, nil. Seven months ended July 31: Tin, 173 tonnes, columbite 2 tonnes. Seven months ended July 31 last year: Tin, 186 tonnes, columbite 4 tonnes.

MOUNT ISA MINES—Production for the period July 31/August 27: Lead ore treated 160,190 tonnes, produced 10,150 tonnes; crude lead and 17,654 tonnes, zinc concentrates. Copper ore treated 362,713 tonnes, produced 9,200 tonnes blister copper.

PETALING TIN—Tin output for August 121 tonnes (July 136 tonnes).

SAINT PIRAN—August production of tin concentrates (tonnes): UK (tonnes treated 11,750), 89 (70 per cent tin metal), Malaysia 24, Thailand 132. July outputs, 100, 35 and 183 respectively. Two weeks holiday and the late summer Bank Holiday affected production at the South Crofty and Pendarves Mines.

WESTERN DEEP TO EXTEND ITS URANIUM PLANT

The South African gold/uranium producer Western Deep Levels is to extend its existing uranium plant to enable it to treat an additional 200,000 tonnes of material a month. The plant treated an average of 73,300 tons per month in the June quarter. This should produce approximately 175,000 kilograms of uranium a year.

The extension will treat the remaining arisings from the carbon leader orebody and, in addition, 30,000 tons a month uranium-bearing reclaimed slimes. The escalated capital cost is estimated at about R50m which is to be spread over the remainder of this year, 1979 and 1980. Production is expected to commence during the second half of 1981.

DISCOVERY MAY OPEN GOLD MINE

Discovery Mines, the Toronto company in which Rayrock has a 43.5 per cent stake, is examining what it calls the "feasibility of production" at the Camlaren gold property, north east of Yellowknife in the Northwest Territories, reports John Soganich from Toronto.

This revived interest comes "in view of the current price of gold," the company stated. In London recently bullion has traded consistently over $200 an ounce and closed yesterday at $211.125 per ounce.

Camlaren's semi-proven reserves are put at 56,000 tons averaging 0.62 ozs of gold per ton after dilution allowance and, significantly, the deposit is open at depth below the deepest horizon investigated at 1,000 feet.

Discovery, which has an 89 per cent direct and indirect interest in Camlaren, considered in 1975 bringing the property to production by early 1977, but the project was postponed because of low bullion prices and some equipment was sold in 1976.

GOPENG OUTPUT STILL SAGS

Despite an increase in tin concentrate production last month, cumulative output for the 1977-1978 financial year at Gopeng Consolidated, the Malaysian operator, is running well behind that of 1976-77.

The latest statistics show that after 11 months production totalled 1551¼ tonnes compared with 1673 tonnes in the same period of the previous year. Earlier this year Gopeng's output was held back by flooding at the mine.

Other mines in the group have also been producing at a generally lower rate than in the previous financial year. The latest monthly figures are in the accompanying table:

	Aug. tonnes	July tonnes	June tonnes
Gopeng	137½	146¼	123¾
Tanjong	16¼	23½	10½
Idris	18	19½	19½
Pengkalen	16	8½	9½

Abel Morrall profit hit by higher costs

An increase in sales from £3.39m to £3.77m at Abel Morrall, makers of needles and general smallwares, was insufficient to compensate for substantially higher costs and consequently pre-tax profits declined from £292,749 to £176,506 for the first half of 1978.

The directors describe the results as "disappointing" and say that the cautious view expressed at the annual meeting in April has been justified.

Although an improvement is expected during the second half, the company is not likely to reach last year's record profit of £709,000, they add.

Tax for the half year takes £91,783 (£153,980) leaving net profits down from £138,769 to £94,723. The net interim dividend is kept at 0.578p per 25p share—last year's final was 1.843p.

Japan Exempt launched by Henderson

A new exempt trust is being launched by fund managers Henderson Administration today. Henderson Japan Exempt Trust, it is designed specifically for pension funds and charities, which are exempt from tax, and follows a pattern established earlier by this management group with the launch of Henderson North American Exempt Trust.

The new fund will be wholly invested in Japan, very largely by way of back-to-back loans, and it will be managed out of Hongkong by Henderson Baring Fund Managers.

The managers propose to put a substantial proportion of their cash into the consumer and retail sectors, and into housing and construction issues, since they believe that shares dependent on consumer demand will be less volatile than those dependent on export performance. There are "indications" so far that some £1m will be committed initially by institutional investors.

Henderson Far Eastern is one of the best unit trust performers so far this year.

City & Comm. Trust ahead

Net income of City and Commercial Investment Trust improved from £220,719 to £250,495 in the six months ended July 31, 1978, after tax of £129,471 (£121,248). Gross income came to £416,079 against £375,783.

The interim dividend is raised from 0.934p to 1.08p net—the total for 1977-78 was 1.319p paid from net revenue of £430,000.

Net asset value per capital share at September 30 was 235.75p (182p at January 31, 1978).

BANK RETURN

—	Wednesday Sept. 6 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,296,[illegible]	— 1,291,386
Special Deposits	354,755,000	—
Bankers	310,317,612	—176,080,151
Reserves & Other A/cs	670,781,305	— 15,569,473
	1,380,701,785	—192,938,910
ASSETS		
Govt. Securities	837,446,0[illegible]	—187,170,000
Advances & Other A/cs	308,365,074	— 1,138,490
Premises, Equip't & other Secs	200,410,427	— 7,868,843
Notes	19,278,305	+ 3,848,518
Coin	202,[illegible]	— 10,065
	1,380,701,782	—192,938,910
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes issued	8,525,000,000	—100,000,000
In Circulation	8,505,721,695	—103,848,512
In Bank's Dept	19,278,305	+ 3,848,518
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	7,593,584,286	—121,162,843
Other Securities	920,400,614	+ 21,162,843
	8,525,000,000	—100,000,000

NEWS ANALYSIS — LLOYD'S RETURNS

Lime Street blues

BY JOHN MOORE

The increase of over two-thirds in Lloyd's of London's global profits to £135.2m was not cause for celebration in the Lime Street committee rooms. For representatives from all parts of the world's oldest insurance community were *in cautionary mood as they* warned of the worsening conditions in many classes of insurance business.

The chairman of the Lloyd's associations representing the marine, non-marine, and aviation markets all emphasised that fierce competition had depressed premium rates as available insurance markets had grown at a faster rate than insurance business volumes. Premium rates were in many cases at levels which did not reflect the values of the risks that were being insured.

Fortunately for members of Lloyd's, although the premium income dropped in both marine and aviation insurance during the last accounting year for 1975 (the first time since the early sixties) the value of claims fell at a sharper rate in the marine market.

Claims declined

Aviation claims declined in line with premiums. So the combined profit from both markets showed an increase of around 20 per cent to £72.4m. The explanation offered is that "better underwriting" has been in evidence. Both markets have been spared "catastrophe" losses.

To a large extent the Lloyd's figures are flattered by the three-year accounting system. Accounts are left open for three years during which all premiums received and all claims paid are attributed to the calendar year in which the business was actually underwritten. The figures relate to 1975.

This was a more normal underwriting accounting period. The previous year—1974—reflected the effect of a whole run of natural disasters in many parts of the world: Australia was affected by floods in Brisbane and Darwin was flattened by cyclone Tracy, while a series of tornados hit the U.S. The non-marine market was hardest hit where claims exceeded premiums by £33m. There had been an overall loss of £5.5m.

The latest figures show that the *premiums outstripped claims by* around £3.8m. Although eventual profits of £28.5m have been achieved entirely on the back of interest on deposits and investment income. The pure underwriting result is still showing a loss.

Premiums also rose on non-marine business by around 5 per cent to £742m. But this understates the growth of business as it reflects the improved exchange rate of sterling against the U.S. and Canadian dollar at December 31 compared with previous years. Nearly £1bn of Lloyd's total premiums of £1.58bn are earned in dollars; and of that £1bn around two-fifths arises from the U.S. domestic market.

The star performer in terms of profitability is the motor market. Premiums have risen by 18 per cent to £105.6m, while claims have only risen by 14 per cent to £85.6m. In relation to its premium it is earning a way above average profit at Lloyd's. In fact, profits over the last accounting period have risen a third to £19.6m.

During that period inflation was running at a high rate and petrol costs were still at prohibitive levels. This limited the use of cars. Together with good weather this kept down the accident rate and meant that claims were also contained.

However, conditions are now no longer so favourable. Petrol costs in relation to earnings are cheaper and weather conditions have worsened. The claims frequency is rising. For every ten claims that were dealt with in 1977, eleven are now being dealt with by the motor syndicates.

Premium rates are expected to rise on motor insurance at Lloyd's by 15 to 20 per cent. Lloyd's was at great pains yesterday to stress that because of the competition rates are not increased unless it is absolutely necessary. In fact in spite of a 20 per cent warning last year rates were only increased on average by around 14 per cent.

The bad news from Lloyd's was *tempered with a measure of* good. On the marine side there has been some improvement in the freight market and there is a likelihood that it will show a profit in 1975. Aviation specialists are reporting that there is expansion in airline activity. More aircraft are being delivered, more hours are being flown, and more passengers carried.

More business

More business will follow although competition is likely to keep any profits down. Competitive conditions are so bad that some underwriters are withdrawing from certain classes of the business. And although hull losses over the last few years have been relatively constant the values of individual claims have been rising. Already this year's total looks as if it has exceeded last year's total, which included the Tenerife catastrophe.

How the competition stays in business continues to baffle Lloyd's. "We know their rates are lower than ours—often considerably so—and their expense ratios much higher. The day must come when they begin to drop out in increasing numbers," said Mr. John Oliver of the Lloyd's Underwriters' Association.

The message of worsening conditions seems to have got through to those outside Lloyd's, the public and the Lloyd's agents who invite them to join. Applications to join Lloyd's are 10 per cent down this year although there are no particular signs that Lloyd's could suffer a capacity problem as a consequence. But *the trend has meant that the* Committee of Lloyd's will not have to intervene to regulate the flow of names as seemed likely earlier this year.

LLOYD'S UNDERWRITING 1975 (1974)

	Premium income £m.	£m.	Claims £m.	£m.	Profit £m.	£m.	%	%
Marine	898.1	(864.2)	842.0	(567.7)	56.9	(72.4)	11.0	(9.7)
Aviation	133.1	(139.3)	126.6	(134.4)				
Non-marine	742.0	(708.9)	738.3	(735.9)	28.5	(−5.2)	3.84	(−0.7)
Short term life	1.2	(1.2)	1.0	(0.9)	0.21	(0.26)	17.0	(22.3)
Motor	105.6	(89.4)	85.6	(73.2)	19.6	(14.4)	18.5	(16.0)
Total	1,362.0	(1,328.9)	1,493.6	(1,310.2)	135.2	(81.6)	9.34	(5.3)

Cadbury Schweppes LIMITED

INTERIM STATEMENT

Results for the 24 weeks ended 17 June 1978

	Half year 1978 £m	Half year 1977 £m	Year 1977 £m
GROUP SALES:			
United Kingdom	253.7	236.5	528.3
Europe	43.9	34.8	69.5
North America	36.4	30.0	64.8
Australia	54.2	51.0	102.7
Other Overseas	58.0	48.5	118.3
	446.2	400.8	883.6
GROUP TRADING PROFIT:			
United Kingdom	11.3	13.4	30.8
Europe	3.7	2.7	5.3
North America	(1.0)	(0.2)	2.1
Australia	3.8	4.3	9.6
Other Overseas	5.8	4.3	11.6
	23.6	24.5	59.4
Investment income	1.3	1.2	2.8
	24.9	25.7	62.2
Interest payable	6.7	7.1	14.2
Group profit before associates	18.2	18.6	48.0
Share of associated companies' profits less losses	0.3	0.1	0.2
GROUP PROFIT BEFORE TAXATION	18.5	18.7	48.2
Taxation	5.8	6.2	15.2
	12.7	12.5	33.0
Profit attributable to minority interests	1.4	1.2	3.8
GROUP PROFIT	11.3	11.3	29.2
Extraordinary items	7.0	—	0.5
Profit attributable to Cadbury Schweppes Limited	4.3	11.3	28.7
Interim Dividend on Ordinary Stock	3.5	3.5	3.5
Final Dividend on Ordinary Stock and Preference Dividend	—	—	7.8
Profit retained	0.8	7.8	17.4
Movements on Reserves			
At beginning of year as previously reported	164.1	113.6	113.6
Adjustment for change in deferred taxation policy	—	35.1	35.1
	164.1	148.7	148.7
Profit retained	0.8	7.8	17.4
Net surplus (loss) on restatement of currency, assets and liabilities	2.5	(0.6)	(3.5)
Goodwill arising on acquisition of Peter Paul Inc.	(5.0)	—	—
Other movements	—	—	1.5
	162.4	155.9	164.1

NOTES Overseas currencies are converted at middle market rates at 17 June 1978.
Results for the half year ended 18 June 1977 have been restated in line with the change in accounting treatment for deferred taxation adopted for the 1977 accounts.

INTERIM DIVIDEND The Directors have declared an Interim Dividend of 0.95p on the Ordinary Stock in line with last year. The Dividend will be paid on 2 January 1979 to stockholders on the Register of Members at the close of business on 20 November 1978.

Statement by Sir Adrian Cadbury, Chairman

Sales for the half year were £45 million up on the same period in 1977, an increase of 11.3%. Sales in the North American Region were substantially up on a year ago although this is not entirely reflected in the sterling conversion. The upturn in consumer demand has been slow in coming in our other two major markets, the United Kingdom and Australia, where the sales increases were respectively 7.3% and 10.5% in local currency. There were satisfactory increases in all sections of the United Kingdom business except in the Tea and Foods Division where sales particularly of tea dropped in value compared with the high level of the first half of 1977.

The sales of Peter Paul Inc. from the date of acquisition, 28 April 1978, were £7.2m. and after charging interest on the cost of the investment there was a profit before tax of £0.3m.

Our Canadian subsidiary has announced the closure of the Montreal confectionery factory in order to concentrate production in the new factory at Whitby, Ontario. The total cost of this closure and the relocation is estimated at £7.0m., and provision for this amount has been charged as an extraordinary item, against the results for the first half year when the decision was made.

Profits are broadly in line with our expectations but it is in the second half of the year that the Company earns the major share of its profits and sales in the last quarter are particularly important to the final outturn. Given a continuation of latest sales trends the Board expects the results for the year as a whole to show an improvement over those for 1977.

7 September 1978

Copies of the above Statement will be sent to all stockholders and further copies are available from the Secretary, Cadbury Schweppes Limited, 1-10 Connaught Place, London W2 2EX.

HAMBURG
HONGKONG
JAKARTA
KARACHI
KUALA LUMPUR
MANILA
SEOUL
SINGAPORE

AND NOW IN

BANGKOK

Our full-service branch is located at Praparwit Building, 28/1, Surasak Road, G.P.O. Box 1237, Bangkok. Tel.: 233-8660-69, Telex: 7950 euras th
Manager: Horst Kaiser

BANCA COMMERCIALE ITALIANA · CREDITANSTALT-BANKVEREIN · DEUTSCHE BANK AG · MIDLAND BANK LIMITED · SOCIETE GENERALE DE BANQUE S.A. · AMSTERDAM-ROTTERDAM BANK N.V. · SOCIETE GENERALE

European Asian Bank
Your banking bridge between Europe and Asia

APPOINTMENTS

International Treasurer

YOUNG ACCOUNTANT

for a highly respected American company making sophisticated equipment based on electronics technology. This is a new appointment to the small European headquarters staff in London, on which management of Eastern Hemisphere operations is based.

- PRINCIPAL responsibility to the finance director is for the management and control of funds in the region, taxation matters, and for a close involvement in the risk management of assets generally.
- THE need is for a qualified accountant with well above average capacity across a range of financial activity in an international corporate environment, rather than for substantial treasury experience as such.
- AGE probably late 20's. Remuneration around £12,000 with excellent additional benefits.

Write in complete confidence to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

LEEDS STOCKBROKERS require Head of Accounts/Office Manager with sound knowledge of Computer Accounting. Salary by negotiation. Write with c.v. Senior Partner BROADBRIDGE LAWSON & CO. 15 Park Place, Leeds LS1 2SJ

COMPANY NOTICE

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE
US$50,000,000.00 FLOATING RATE NOTES DUE 1985

For the six months August 28, 1978, to February 27, 1979, the notes will carry an interest rate of 10⅛% per annum. The interest due February 28, 1979 against coupon No. 1 will be US$[illegible] and has been computed on the actual number of days elapsed (184) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE.
15, Avenue Emile Reuter, Luxembourg.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.50	14.00
Residential Property	2.00	8.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses For Sale/Wanted	5.25	16.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels & Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available (Minimum size 40 column cms) £1.50 per single column cm extra. For further details write to: Classified Advertisement Manager, Financial Times, 10, Cannon Street, EC4P 4BY.

APPEALS

ST. JOSEPH'S HOSPICE
Mare Street, London E8 4SA

Since 1905 the Sisters of Charity have cared for the dying poor in the East End of London. At present they provide pain control and final comfort for 600 cancer victims every year in the Hospice and in their homes. Their personal needs are small but the cost of running the Hospice is beyond their means. They have given their lives to this delicate work—can you help them to continue with a little spare cash? Any donation would be gratefully received by Reverend Mother at the above address. (FT)

COMPANY NOTICES

Ford

BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 13 July 1978 NOTICE is now given that the following DISTRIBUTION will become payable to Authorised Depositaries on or after 11 September 1978 against presentation to the Depositary (as below) of Claim Forms (obtainable from the Depositary) listing Bearer Depositary Receipts.

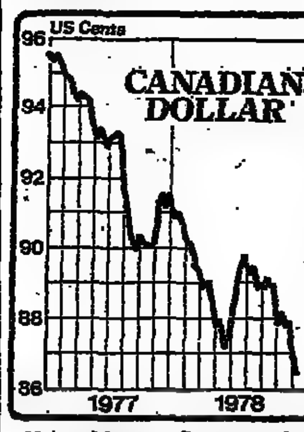
Gross Distribution per Unit 4.500 cents
Less 15% U.S. Withholding Tax 0.675 cents
3.825 cents per Unit
Converted at $1.935 = £0.019767

DEPOSITARY
National Westminster Bank Limited
Stock Office Services
5th Floor
Drapers Gardens
12 Throgmorton Avenue
London EC2P 2ES
6 September 1978.

Currency, Money and Gold Markets

Dollar nervous in quiet trading

The dollar fluctuated in generally quiet trading in yesterday's *foreign exchange market* and closed little changed from its opening levels. An initially firmer tendency may have been *prompted* by Mr. Michael Blumenthal, U.S. Treasury Secretary, stating that steps would be taken to support the U.S. *currency. However with that being the extent of his message,* the dollar fell away during the afternoon to finish at SwFr 1.6160 against the Swiss franc compared with SwFr 1.6100 on Wednesday. Similarly the West German mark eased slightly to DM 1.9875 from DM 1.9810. The Japanese yen was also slightly easier at Y191.0 against Y190.25 previously.



Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 8.8 per cent from 9.1 per cent.

Sterling opened at $1.9330-1.9360 and fell on dollar firmness to $1.9315 before recovering to around $1.9350. With the dollar continuing weaker the pound finished at $1.9370-1.9380, a fall of 50 points on the previous close.

Against other major currencies sterling was a little weaker and its trade weighted average index, as calculated by the Bank of England, slipped from 62.3 to 62.2, a level held at all three of the day's calculations.

Trading in London was subdued ahead of Prime Minister James Callaghan's statement that he was not considering calling a general election at present. However, later in New York, the pound was stronger against the dollar and was quoted at $1.9435 in early trading. Elsewhere the Canadian dollar continued to weaken to 86.40½ U.S. cents from 86.63½ U.S. cents on Wednesday.

PARIS—The dollar was easier against the French franc in fairly *light trading. There was little in* the way of fresh factors to affect the market and the *imminent* announcement concerning the *possibility of an October UK* general election had already been discounted. Towards the close the dollar was quoted at Fr4.3525, *down from its high of Fr4.3800* around noon. However, it still showed an improvement over Wednesday's close of Fr4.3450. The *franc was slightly firmer* against other major currencies with sterling finishing at FrS.4280 compared with Fr8.4400 previously.

FRANKFURT—The dollar was fixed at DM1.9902 compared with Wednesday's fixing of DM1.9853, and the Bundesbank did not intervene at the fixing. Trading was generally subdued with no credit policy changes made at the Bundesbank Central Bank Council meeting. The dollar's early floor level was about DM1.9900. Against 22 currencies the Bundesbank trade weighted mark revaluation index fell slightly to 147.3 from 147.4, a rise of 2.0 per cent from the end of 1977.

ZURICH—In very busy trading the dollar was below its best level against most major currencies, *the notable exception being the* West German mark. A statement by Mr. Michael Blumenthal, US Treasury Secretary, that steps would be taken to support the US currency was partly behind the dollar's early firmness. At SwFr 1.6271, down from an open*ing of SwFr* 1.6285 and DM *1.9894* compared with DM 1.9890.
pared with DM 1.9890.

MILAN—Following on its rally earlier in the week, the dollar continued to strengthen against the lira and was fixed at L834.05 compared with L832.70 on Wednesday. The Swiss franc was weaker at L510, down from L512.1.

AMSTERDAM—The dollar was fixed at Fl 2.1625 compared with Wednesday's fixing of Fl 2.1560. In later trading the U.S. currency was quoted at Fl 2.1611.

TOKYO—The dollar closed at Y190.825 compared with Wednesday's close of Y189.625. There appeared to be some demand for the currency ahead of possible moves by oil importers for fresh funds, although the latter was dismissed as insignificant by some sources. The volume of business was fairly low at $415m for spot turnover and $646m for combined *forward and swap trading.*

THE POUND SPOT

Sept. 7	Bank rate %	Day's Spread	Close
U.S. $	7¼	1.9315-1.9380	1.9370-1.9380*
Canadian $	9	2.2325-2.2450	2.2475-2.2485
Guilder	4½	4.17-4.19½	4.18-4.19
Belgian F.	6	60.45-60.80	60.60-60.70
Danish K.	8	10.60-10.64½	10.63-10.64
D-Mark	3	3.84-3.86½	3.84½-3.85½
Port. Esc.	18	87.40-88.40	87.80-88.30
Span. Pes.	8	142.25-142.95	142.85-142.95
Lira	10½	1,610-1,617	1,616-1,617
Norwgn. K.	7	10.15-10.18	10.17-10.18
French Fr.	9½	8.41-8.43½	8.42-8.43
Swedish Kr.	6½	8.67½-8.62	8.60¾-8.61¾
Yen	3½	367-375	370-372
Austria Sch.	4½	27.75-27.90	27.80-27.90
Swiss Fr.	1	3.12½-3.16	3.12¾-3.13¾

Belgian rate is for convertible francs. Financial franc 62.50-62.90.
* Rate for U.S.$ on Sept. 6 should have been 1.9420-1.9430. (Close.)

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.70-0.60c.pm	4.03	1.75-1.65c.pm	3.50
Canadian $	0.70-0.60c.pm	3.48	1.85-1.75c.pm	3.21
Guilder	3-2 c.pm	7.17	7¼-6¼ c.pm	6.46
Belgian F.	25-15 c.pm	3.90	70-60 c.pm	4.29
Danish K.	2-4 ore dis	−3.39	2½-4½ ore dis	−1.41
D-Mark	6⅝-2⅜pf pm	8.98	9-8 pf pm	8.83
Port. Esc.	60-160 c. dis	−14.99	190-450 c. dis	−14.54
Span. Pes.	100-200 c.dis	−12.60	240-340 c. dis	−8.12
Lira	1½lire pm-½dis	0.37	1-3 lire dis	−0.49
Norwgn. K.	2½-½ ore pm	1.77	4½-2½ ore pm	1.28
French Fr.	4-3 c.pm	4.99	8½-7½ c. pm	3.92
Swedish Kr.	4-2 ore pm	4.18	9½-7½ ore pm	4.98
Yen	3.35-3.10 y.pm	10.43	9.05-8.75 y.pm	9.80
Austria Sch.	20-10 gro pm	6.46	42-52 gro pm	6.81
Swiss Fr.	5½-2½ c.pm	11.49	9⅝-8⅝ c. pm	11.65

Six-month forward dollar 3.25-3.15c pm. 12-month 5.55-5.40c pm.

THE DOLLAR-SPOT

September 7	Day's spread	Close
Canad'n $*	86.46-86.53	86.50-86.53
Guilder	2.1596-2.1610	2.1600-2.1610
Belgian Fr	31.34-31.375	31.34-31.36
Danish Kr	5.4885-5.4965	5.4945-5.4965
D-Mark	1.9898-1.9905	1.9885-1.9895
Port. Es	—	45.38-45.50
Lira	833.80-834.15	833.85-834.15
Nrwgn. Kr	5.2505-5.2650	5.2630-5.2650
French Fr	4.3490-4.3580	4.3490-4.3510
Swedish Kr	4.4408-4.4440	4.4425-4.4435
Yen	191.05-191.35	191.05-191.20
Austria Sch	—	14.3625-14.3700
Swiss Fr	1.6155-1.6295	1.6155-1.6170

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.03-0.01c dis	−0.28	0.07-0.04c dis	−0.25
0.68-0.63c pm	3.75	1.72-1.67c pm	3.24
3.5-2c pm	0.78	9-7c pm	1.02
—		—	
0.88-0.83pf pm	4.98	2.68-2.63pf pm	5.33
—		—	
2.35-2.75lire dis	−4.46	8.25-9.00lire dis	−4.39
—		—	
0.15-0.08c pm	0.41	0.13-0.06c pm	0.13
—		—	
1.09-0.98y pm	6.72	3.02-2.92y pm	6.29
—		—	
1.12-1.08c pm	7.96	3.32-3.28c pm	8.19

CURRENCY RATES

September 6	Special Drawing Rights	European Unit of Account
Sterling	0.655862	0.666816
U.S. dollar	1.27152	1.29298
Canadian dollar	1.46797	1.09803
Austrian schilling	—	18.5298
Belgian franc	39.7890	40.4581
Danish krone	6.96221	7.07612
Deutsche Mark	2.52435	2.56625
Guilder	2.74140	2.78698
French franc	5.52928	5.62227
Lira	1058.86	1076.55
Yen	243.824	246.118
Norwegian krone	6.66213	6.77018
Peseta	93.4847	95.0167
Swedish krona	5.63681	5.72797
Swiss franc	2.06709	2.10063

CURRENCY MOVEMENTS

September 7	Bank of England Index	Morgan Guaranty changes %
Sterling	62.22	−41.1
U.S. dollar	84.57	− 8.8
Canadian dollar	81.46	−15.9
Austrian schilling	148.42	+17.7
Belgian franc	110.79	+12.1
Danish krone	113.79	+ 4.5
Deutsche Mark	141.92	+36.4
Swiss franc	203.85	+95.3
Guilder	119.77	+17.2
French franc	99.99	− 4.0
Lira	55.36	−47.8
Yen	152.91	+51.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 7	£	$		£ Note Rates
Argentina Peso	1,618½-1,622½	835.355-837.418	Austria	27.30-28.30
Australia Dollar	1.6800-1.6850	0.8671-0.8697	Belgium	62.30-63.30
Finland Markka	7.92-7.95½	4.0860-4.0860	Denmark	10.55-10.70
Brazil Cruzeiro	35.90-36.90	18.529-19.045	France	8.37-8.47
Greece Drachma	70.937-72.676	36.613-37.510	Germany	3.80-3.90
Hong Kong Dollar	9.20-9.22	4.7600-4.7630	Italy	1585-1615
Iran Rial	133-139	68.645-71.742	Japan	370-380
Kuwait Dinar (KD)	0.524-0.534	0.2705-0.2756	Netherlands	4.12-4.22
Luxembourg Franc	60.6-60.7	31.277-31.329	Norway	10.12-10.22
Malaysia Dollar	4.44-4.45½	2.2990-2.3000	Portugal	83-92
New Zealand Dollar	1.8355-1.8425	0.9474-0.9510	Spain	141½-145
Saudi Arabia Riyal	6.38-6.48	3.293-3.345	Switzerland	3.10-3.20
Singapore Dollar	4.34¼-4.35¼	2.2500-2.2510	United States	1.94-1.95¼
South African Rand	1.6765-1.6865	0.8653-0.8705	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 7	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.938	3.853	371.0	8.426	3.133	4.185	1617.	2.242	60.65
U.S. Dollar	0.516	1.	1.988	191.5	4.348	1.617	2.160	834.5	1.157	31.30
Deutsche Mark	0.260	0.503	1.	96.30	2.187	0.813	1.086	419.6	0.582	15.74
Japanese Yen 1,000	2.695	5.222	10.38	1000.	22.71	8.443	11.28	4357.	6.043	163.5
French Franc 10	1.187	2.300	4.575	440.4	10.	3.718	4.967	1919.	2.661	71.99
Swiss Franc	0.319	0.619	1.230	118.4	2.690	1.	1.336	516.0	0.716	19.36
Dutch Guilder	0.239	0.463	0.921	88.66	2.013	0.749	1.	386.3	0.536	14.49
Italian Lira 1,000	0.619	1.199	2.383	229.5	5.212	1.938	2.589	1000.	1.387	37.52
Canadian Dollar	0.446	0.864	1.718	165.5	3.758	1.397	1.867	721.0	1.	27.05
Belgian Franc 100	1.649	3.195	6.353	611.7	13.89	5.165	6.900	2665.	3.697	100.

EURO-CURRENCY INTEREST RATES*

Sept. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12¼-13¼	8¼-8½	8¼-9¼	4⅝-5	¼-⅝	[illegible]	7¼-7½	6-9	—	[illegible]
7 day's notice	13-14	8⅜-8⅝	8¼-9¼	4⅝-5	¼-⅝	[illegible]	8¼-8½	11¼-12¼	8⅛-8⅜	[illegible]
Month	12-12½	[illegible]	[illegible]	4¾-5	[illegible]	3⅝-3½	8½-8¾	11¾-12¾	[illegible]	[illegible]
Three months	12⅛-12½	8¾-9	9-9⅜	5⅜-5⅝	[illegible]	[illegible]	8¾-9	12¼-13¼	[illegible]	[illegible]
Six months	12⅝-12¾	9-9¼	[illegible]	5⅞-6⅛	1-1⅛	3⅝-3¾	9⅜-9⅝	12¾-13¾	9⅛-9¼	[illegible]
One year	12⅛-12½	9⅛-9⅜	[illegible]	6⅛-6⅜	[illegible]	3⅝-3⅞	10-10¼	13⅛-14½	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.45-8.55 per cent; three months 8.65-8.75 per cent; six months 8.95-9.05 per cent; one year 9.05-9.15 per cent.
Long-term Eurodollar deposits: two years 9[illegible] per cent; three years 9[illegible] per cent; four years 9[illegible] per cent; five years 9[illegible] per cent nominal closing rate.
Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates higher

Treasury bill rates were generally higher yesterday with 13-week bills quoted at 7.62 per cent compared with 7.58 per cent on Wednesday. Twenty-six-week bills rose to 7.87 per cent after 7.66 per cent late Wednesday. One-year bills were also firmer at 7.85 per cent, up from 7.84 per cent. Federal funds were trading at 8⅛-8¼ per cent from around 8¹⁄₁₆ per cent previously.

Bankers acceptance offered rates were unchanged from 8.10 per cent for 30-days through to 8.40 per cent for 180-days. Similarly high grade commercial paper showed little change from 8.125 per cent for 30-days through to *8.25 per cent for 90-days.*

BRUSSELS—Deposit rates for the Belgian franc (commercial) were sharply higher yesterday with one-month at 7⁷⁄₁₆-7⁹⁄₁₆ per cent from 6¾-6⅞ per cent previously and three-month rising to 7⁹⁄₁₆-7¹¹⁄₁₆ per cent from 7¼-7½ per cent. Six-month deposits were also firmer at 7⅞-7⅝ per cent against 7½-7⅞ per cent while the one-year rate remained at 7⅝-7⅞ per cent. Call money rose from 4.65 per cent on Wednesday to 4.95 per cent yesterday.

AMSTERDAM—Interbank money market rates were easier in places with call money at 4¾-5¼ per cent while the one-month rate fell to 5-5¼ per cent from 5¾-5⅞ per cent. Three-month money eased to 6-6¼ per cent against 6¼-6⅜ per cent and the six-month rate was quoted at 6⅜-6⅝ per cent from 6⅝-6⅞ per cent.

FRANKFURT—Interbank money market rates showed a slightly easier tendency with call money at 3.475 per cent, one-month at 3.6 per cent, three-month at 3.65 per cent and six-month 4.025 per cent.

PARIS—Money market rates showed little change with call money easing to 7⅜ per cent from 7½ *per cent. Longer term rates* were quoted at 7⅜-7⅝ per cent for one-month through to 8⅜-8⅝ per cent for 12-month, all unchanged from Wednesday.

HONG KONG—The money market again experienced tight conditions, with call money at 6 per cent compared with 5⅞ per cent on Wednesday and overnight business at an unchanged rate of 6 per cent.

MANILA—30-day maturities rose from 8½-11 per cent to 9½-11½ per cent while rates for 60-days were also firmer at 9½-11½ per cent from 9½-11¼ per cent 90-day maturities were quoted at 9½-11⅞ per cent compared with 9⅞-11½ per cent and 120-days stood at 10-12 per cent against 10-11⅞ per cent.

GOLD

Weaker tendency

Gold lost $2 an ounce in the London bullion market yesterday to close at $210⅝-211⅛. Trading remained rather subdued with some people still digesting the results of the IMF auction at which 470,000 ounces were sold at an average $212.50 per ounce. The metal opened at $211¼-212, its best level for the day, and was fixed during the morning at $210.85. The afternoon fixing was little changed at $210.50.

In Paris the 12½ kilo gold bar was fixed at FFr 29,450 per kilo ($208.54 per ounce) compared with FFr 29,200 ($208.30) in the morning and FFr 29,370 ($210.07) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,505 per kilo ($211.05 per ounce) compared with DM 13,560 ($212.37) previously.

	Sept. 7	Sept. 6
Gold Bullion (a fine ounce)		
Close	$210⅝-211⅛	$212⅛-212⅝
Opening	$211¼-212	$212½-213
Morning fixing	$210.85 (£109.045)	$211.75 (£109.279)
Afternoon fixing	$210.50 (£108.862)	$212.60 (£109.755)
Gold Coins domestically		
Krugerrand	$218-220 (£112½-113½)	$219-221 (£113¼-114¼)
New Sovereigns	$60½-62½ (£31¼-32¼)	$60½-62 (£30-31)
Old Sovereigns	$61-63 (£31½-32½)	$61½-63½ (£31¾-32¾)
Gold Coins internationally		
Krugerrand	$217-219 (£112-113)	$216½-218½ (£112½-113½)
New Sovereigns	$57-59 (£29½-30½)	$57½-59½ (£29¾-30¾)
Old Sovereigns	$61-63 (£31½-32½)	$61½-63½ (£31¾-32¾)
$20 Eagles	$308½-311½	$310-312
$10 Eagles	$161-164	$162-165
$5 Eagles	$111-114	$112-115

UK MONEY MARKET

No assistance given

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Activity in the London money market remained subdued yesterday and although a slight shortage had been anticipated, the authori*ties gave no assistance during the* day. However it seemed that houses had to work fairly hard with opening rates for secured call loans of 8½-8¾ per cent rising to 8¾-9 per cent by the close. Banks are likely to carry forward run down balances as indeed they did yesterday. The market was also faced with a small net take up of Treasury bills to finance.

On the other hand, there was a small excess of Government disbursements over revenue transfers to the Exchequer and a fairly large decrease in the note circulation.

In the interbank market overnight loans opened at 8⅝-8¾ per cent and rose on forecasts of a modest shortage to 8⅞-8¾ per cent where they spent most of the morning. Rates then pushed up to 8⅞-9 per cent before easing back to 8½-8¾ per cent. However, conditions remained tight with closing balances commanding around 9½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 7 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8⅝-9½	—	—	—	8¾	8½-9	—	—	—
2 days notice	—	—	8½-8⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	8⅞	—	—	—	—
7 days notice	—	8⅛-8⅞	8½-8⅞	—	9	—	8⅝	—	—	—
One month	9⅛-9	8½-9⅛	8¾-9	9⅝	9⅛-9⅝	9¼	8¾	8⅞-8¼	9-9⅛	9⅝
Two months	9¼-9⅛	9⅛-9⅞	—	9⅛-9	9¾	—	9	8½-9	[illegible]	9⅝
Three months	9¼-9⅛	9⅛-9⅛	9¼	9⅝	9½-10	9½	9⅛	8¾-9⅛	9⅛-9¼	9⅝
Six months	9⅝-9½	9⅝-9⅞	9½	9⅝-9⅞	9⅞-10¼	—	—	—	9⅝-9⅞	10
Nine months	9¾-9⅝	9¾-9⅞	—	9⅞-10⅛	10⅜	—	—	—	—	—
One year	9⅞-9⅝	9⅞-10⅛	9⅝-10	10-10⅛	10⅛	—	—	—	—	—
Two years	—	—	10¾-11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11½ per cent; four years 11¼-12½ per cent; five years 12½-12½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9¼-9⁹⁄₃₂ per cent; four-month trade bills 9¾ per cent.

Approximate selling rates for one-month Treasury bills 9¹³⁄₁₆ per cent; and two-month 8⅞ per cent; three month 8²⁹⁄₃₂ per cent. Approximate selling rate for one-month bank bills 8¹⁵⁄₁₆-8⁵¹⁄₅₂ per cent; two-month 9¹⁄₁₆-8⁵⁄₃₂ per cent; and three-month 9⁵⁄₃₂-9³⁄₁₆ per cent. One-month trade bills 9¾ per cent; two-month 9¾ per cent; and also three-month 9¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6-7 per cent. **Clearing Bank Base Rates for lending 10 per cent.** *Treasury Bills: Average tender rates of discount 9.0466 per cent.*

MONEY RATES

NEW YORK	
Prime Rate	9.25
Fed Funds	8.25
Treasury Bills (13-week)	7.62
Treasury Bills (26-week)	7.87
GERMANY	
Discount Rate	3
Overnight	3.475
One month	3.60
Three months	3.65
Six months	4.025
FRANCE	
Discount Rate	9.5
Overnight	7.375
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	3.5
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

We'd like to correct a few illusions about our business

Putting a tiger in motorists' tanks is still an important part of our business. But it accounts for only 20% of our total production. So how is the rest sliced up?

Think of vast furnaces spewing out white hot metal, or steam held under immense pressure in huge boilers, or the heat source for hundreds of kinds of process work, and you have the biggest part of Esso's production – fuel oil.

Fuel oil is the fuel that keeps industry going.

It is also the fuel that produces some of Britain's electricity. In fact the biggest single user of fuel oil is a power station, converting 2 million tons of fuel oil a year into electrical power.

Fuel oil is used to drive ships such as the QE2 and 500,000 ton Supertankers, and to heat large buildings like hospitals and museums.

Fuel oil is efficient, versatile and accounts for nearly double the volume of petrol.

Kerosines.

Another versatile fuel used for both heating and for transport is the paraffin-type fuel known in the oil industry as kerosine. Home heating needs a light, highly refined oil for portable heaters and domestic boilers. And kerosine is the answer.

Other forms of kerosine, refined in different ways, are turbo-jet fuel for aircraft and the kerosine used to drive the gas turbines of ships. The Hovercraft and many of the Royal Navy's fast pursuit vessels are typical examples.

Through our underground pipeline from Fawley refinery near Southampton to Heathrow, we can pump up to half a million gallons of aviation jet fuel a day. We currently supply a quarter of the total volume of fuel used by airlines in Britain.

Fuel consumption in aircraft is heavy. A Boeing 747 Jumbo jet uses 24,000 gallons on a single Atlantic crossing.

Diesel fuels

Trains and trucks by comparison are economical in their use of fuel. For example, the 125 mph High Speed Train running between Kings Cross and Newcastle, uses only 1·3 gallons per mile.

If diesels are the workhorses which carry passengers or freight by train, truck, taxi or bus, diesel fuel is the workhorse fuel.

Last year Esso supplied London Transport buses with a quarter of their diesel fuel, and half the engine fuel used by British Rail.

Unlike some European countries, Britain has never been very interested in diesel cars. Even in Germany where diesel fuel is cheaper than petrol diesel cars only represent 4·8% of the car population.

However, diesel fuel has a large off-road volume. Tractors and other agricultural vehicles, and contractors' plant such as excavators and dumpers are big users. Off-road diesel represents about two thirds the volume of diesel for normal road use.

The biggest diesel engines of all are in ships. One such diesel, with cylinders a man can stand upright in, produces as much power as 600 Maxis.

Lubricants

Without exception where you use fuel you also use lubricants.

This is where real expertise is needed, for it not only requires skill to produce the lubricant, it requires skill in using the right oil and in using it economically.

How easy it would be for everybody if there was just one lubricant that could do every job.

The fact is different applications require different properties in the oil.

A jet flying at 40,000 feet has an engine oil temperature of 250°C, while the elevators, ailerons, and rudder require lubricating at –40°C.

To meet the wide range of uses Esso make more than 600 kinds of oil to do everything from lubricating the backs of pigs to lubricating the rollers on which bridges pivot.

Speciality products

In this category are bitumen, used for surfacing roads, airport runways, and race tracks (Silverstone was recently resurfaced with Esso bitumen); chemical feedstocks from which polythene, nylon, antifreeze, synthetic rubber and a host of other products are made; and LPG (Liquefied Petroleum Gas), used in lighters and camping stoves, and among many other industrial uses for processing aluminium and for heating tile and pottery kilns.

That is how our tiger is sliced. We would like to talk to you, so if you are interested in learning more about any part of our business, please call our Marketing Bureau on 01-834 6677, Extension 3207.

Esso The world's leading oil company

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

American Brands bid wins IRS approval

NEW YORK, Sept. 7.

AMERICAN BRANDS states that the Internal Revenue Service has ruled in favour of its proposed acquisition of the interest in Franklin Life Insurance that it does not already own. The group currently holds about 27.5 per cent of Franklin's outstanding shares, purchased in November 1977 from Continental Corporation.

American Brands added that a Franklin stockholders meeting is expected to be held to consider establishing an existing Franklin subsidiary as a holding company of Franklin, followed by a separate stockholders meeting to consider the merger of the holding company into a subsidiary of American Brands.

It is contemplated that each share of Franklin stock will be exchanged for a share of stock in the holding company. Upon the merger, each holding company stockholder will be entitled to receive one-half share of a new series of American Brands preferred, plus one-half share of a new series of American Brands convertible preferred stock.

In place of the two classes of preferred, each holding company stockholder will be able to elect a cash payment of $30.50 for each holding company share, but *the number of shares to be* exchanged for each will not exceed 20 per cent of the holding company stock outstanding.

American Brands plans to file registration statements with the Securities and Exchange Commission for the new preferred stock to be issued in connection with the acquisition of Franklin.

The merger must also be approved by directors of both companies and American Brands' stockholders, together with the director of insurance for the State of Illinois.

Reuter

Chessie and Seaboard in railroad merger talks

BY DAVID LASCELLES

NEW YORK, Sept. 7.

TWO RAILROAD COMPANIES covering most of the south east and central U.S. have announced that they are talking about a possible merger. If consummated, the deal could produce the largest commercial railroad in the country, and could precipitate a regrouping of the railroad industry.

The companies are Chessie System, which is based in Baltimore and connects the mid-West with the Great Lakes ports and the Atlantic coast, and Seaboard Coast Line, the Virginia company whose network stretches from the south eastern states up to Chicago. Last year's trading performances by the two companies would indicate a revenue *total in excess of $3bn* should they complete the proposal.

The companies said they were holding "exploratory discussions involving a possible affiliation," but did not elaborate beyond stating that Chessie System has a 5 per cent holding in Seaboard.

The announcement comes at a time when several railroads are involved in merger talks, apparently in an effort to rationalise operations and raise profitability in an industry where cost pressures and competition are intense.

Seaboard Coast Line itself recently conducted a merger study with Southern Pacific, the California-based railway, which would have formed the first network stretching across the country. These were, however called off because of management differences.

Elsewhere, IC Industries, the diversified concern which owns the Illinois Central Gulf Railroad linking Chicago with the Gulf of Mexico, is negotiating to sell it to the Southern Railway, which operates throughout the south eastern U.S.

Pan Am -National agree terms

BY STEWART FLEMING

NEW YORK, Sept. 7

NATIONAL AIRLINES, the eleventh largest U.S. carrier, has signed a definitive $350m merger agreement with Pan American World Airways which could block moves by Texas International Airlines, a small regional airline, from bidding for control of National.

The definitive agreement under which National shareholders *would receive $41 a share in cash* from Pan Am provides that Pan Am will not aim to deprive any National employee, including management, of employment as a result of the merger.

The aim will be to integrate National's domestic route system into Pan Am's international network, with National to change its name to Pan American USA.

Texas International bought 9 per cent of National earlier in the year and has yet to make any statement on whether it intends to enter into a bidding context with the giant Pan Am or bide its time.

The situation is complicated by the fact that in addition to approval by National shareholders the acquisition of National by another airline also requires approval by the Civil Aeronautics Board whose chairman, Mr. Alfred Kahn, has indicated that he would tend to favour Pan Am building up its U.S. domestic route structure from scratch rather than through the acquisition of a substantial U.S. carrier such as National.

Pan Am has itself bought 4.8 per cent of National stock and like Texas International can subject to certain conditions increase its stake to 25 per cent. A Pan Am spokesman said this morning that he could not comment on whether the airline intended to increase its holding.

There has been no comparable airline merger proposal this decade, although already in the past few months, there have been signs forecasts that a merger wave would hit the airline industry are being borne out.

Continental Airlines and Western Airlines have also announced merger proposals which if concluded would lead to the creation of the seventh largest U.S. carrier and two regional carriers. North Central Airlines and Southern Airways have announced a $44m merger proposal.

If Pan Am and National merge it would create the second largest U.S. airline with revenues of around $2.5bn. More important from Pan Am's point of view, a merger would provide it with an extensive (and profitable) U.S. route structure which will dovetail neatly with its international operations. Pan Am has been virtually confined to international routes and has been anxious to develop a U.S. domestic route system for some years.

Historically, it has been blocked by the CAB but earlier this week, reinforcing its position of encouraging Pan Am to expand on its own in the U.S., the CAB gave Pan Am permission to carry U.S. domestic passengers over U.S. portions of certain of its international flights.

Most observers suggest that it could be several months before National shareholders — and more critically the CAB—have made a decision on the Pan Am-National proposal.

Consd. Bathurst lifts stake in Price

By Robert Gibbens

MONTREAL, Sept. 7.

CONSOLIDATED-BATHURST, the major Eastern Canada pulp and paper group controlled by Power Corporation of Canada and in which Associated Newspapers of the UK holds a sizeable stake, bought more Price Company shares, raising its total interest to "more than 10 per cent."

At the end of 1977, Consolidated-Bathurst showed a 6 per cent holding in Price Company.

Price, the big Quebec City-based pulp paper firm, is 58 per cent controlled by Abitibi Paper of Toronto. Abitibi won control in a spirited contest several years ago, but Consolidated retained a 6 per cent holding.

Consolidated now says its new acquisitions of Price shares have been made for "investment purposes" but that further purchases will be made "*if the price is right.*"

Last week a holding of more than 10 per cent in Abitibi was acquired by Mr. Maurice Strong, a former president of Power Corporation of Canada, with two Toronto associates. This is believed to be the largest single holding.

Analysts are taking a much more optimistic view of pulp and paper industry's earnings in the second half and in 1979 and a further newsprint price increase is widely rumoured for the year-end. However, the question is being asked whether the major acquisitions of Abitibi and Price stock go beyond the possibility of substantial market profits.

Rhone-Poulenc recovering

BY DAVID CURRY

PARIS, Sept. 7.

FRANCE'S leading chemical and textiles group, Rhone-Poulenc, reports a rise of more than half in net profits for the first six months of 1978 and claims that its recovery programme is firmly on course.

Despite the continuing, but gradually reducing, losses from the textile sector—which in the six months cost the company FFr 250m—the group turned in a first-half net profit of FFr 150m ($34.5m) compared with FFr 96.8m.

The result, however, takes into account exceptional items, including the effect of parity changes on the value in francs of the results of overseas subsidiaries. It is therefore no real indicator of what the second half might bring. Rhone-Poulenc says that the general level of activity should continue more or less unchanged.

Profit before reductions for financial charges, depreciation and tax rose by 11.8 per cent to FFr 1.613bn. Consolidate sales were 6.8 per cent ahead at FFr 13.164bn.

The group notes that the improvement in cash-flow and the efforts to contain the need for working capital have permitted it to control the growth in debt while maintaining the level of investments. It adds that Rhone-Poulenc has no rights issue plans to join the list of companies taking advantage of the rise in stock market values.

The half-year figures seem to bear out the group's claims that the worst is behind it. In 1975 Rhone-Poulenc lost FFr 941m and the following year it was still in the red to the tune of FFr 364m, due mainly to problems in textiles.

Last year the company turned in a FFr 84m consolidated profit despite a FFr 707m textile loss, but this was influenced by FFr 258m of extraordinary gain together with costs of FFr 325m towards the reorganisation of the textiles sector.

Once again, the two star performers have been health products and animal and plant products, which recorded the strongest growth last year and represents the group's attempts to lessen the importance of the vulnerable chemicals sector.

Moscow Narodny admits to large loss

By James Bartholomew

MOSCOW Narodny Bank, [illegible] Russian-owned bank based [illegible] London, yesterday admitted that it had suffered "substantial losses" on its business [illegible] the *Far East*.

The entire profit of [illegible] Singapore branch in 1976 [illegible] 1977 has been utilised in providing against bad and doubtful debts, according to [illegible] annual report published [illegible] week.

The losses stem from a massive expansion of lending in [illegible] Far East. Overall advances rose from £874m to £1.13bn [illegible] 1975 *alone*. Much of this [illegible] believed to have been [illegible] Singapore.

The bank now concedes [illegible] some of this lending might have been "less than prudent" but adds that other banks [illegible] the area also made losses [illegible] a result of the recession [illegible] 1974-75. "A change [illegible] management and a good deal of re-organisation [illegible] since taken place," [illegible] company secretary, Nicholas Ferguson, [illegible] yesterday.

Rumours and estimates about [illegible] extent of the losses have been plentiful in recent months [illegible] the bank is now considering [illegible] issue of an announcement [illegible] clear up the uncertainty. Meanwhile, Mr. Ferguson [illegible] yesterday that an estimate [illegible] the losses amounted to £40[illegible] was "wildly exaggerated." [illegible] think someone added in [illegible] date," he said.

The true extent of the underlying losses is not revealed by [illegible] annual report. An undisclosed bank or banks have covered further provision against doubtful debts in Singapore through bank guarantee.

Moscow Narodny has [illegible] received deposits from [illegible] shareholding bank" on which it only has to pay interest [illegible] of future profits of the branch. All the shareholding banks [illegible] Russian. In these circumstances, Moscow Narodny [illegible] been able to declare a profit of £1.5m for 1977.

Moscow Narodny has been *accused in some quarters* including the Chinese Press [illegible] lending aggressively in order to obtain a beachhead in [illegible] capitalist parts of south east Asia.

Mr. Ferguson said yesterday [illegible] the idea of political motivation of that sort was "nonsense." The bank had control of a [illegible] of property through foreclosure, he conceded, but [illegible] assets would be sold as soon as practical.

In London, one of Moscow Narodny's major customers, Mr. Amos Dawe, a Far East financier, has served a writ [illegible] the bank following legal action taken by the bank against him. On the basis of legal advice received, the bank believes [illegible] it has a good defence and [illegible] *liability will arise.*

Third chairman in nine months for MBB

BY JONATHAN CARR

BONN, Sept. 7.

WEST GERMANY'S leading aerospace concern, Messerschmitt-Boelkow-Blohm (MBB), has a new executive chairman, its third in nine months. He is 50-year-old Professor Gero Madelung, an engineer who so far has headed MBB's aircraft *division*.

The supervisory board yesterday decided on Professor Madelung as successor to Herr Helmut Langfelder, who was killed in a helicopter crash in France in April, less than four months after he took over the top job. Herr Langfelder in turn had succeeded Professor Ludwig Boelkow, long time chairman of MBB and responsible for many of its most successful enterprises.

Professor Madelung is a Berliner whose father was in aircraft construction and whose mother *was one of the* Messerschmitt family. After engineering studies in Stuttgart and New York, he worked first for General Electric in turbine construction *and later headed* the Messerschmitt operation in Spain.

Projects with which he was later closely involved include the VJ-101 vertical take-off plane and the Tornado multi-role combat aircraft. Besides technical acumen, Professor Madelung will need considerable negotiating skill as MBB moves closer to a probable merger with VFW-Fokker—the major step in a reorganisation of the West German aerospace industry.

EUROBONDS

Dollar sector moves ahead

By Francis Ghilès

PRICES in the dollar sector moved up yesterday as a direct result of the easing of dollar interest rates. Trading was described by dealers as more aggressive than the day before. In the Deutschemark sector, conditions were less hectic than on Wednesday but continued keen *buying of new issues* was reported.

A new convertible was announced for Kanishiroku, a Japanese photographic equipment company. The DM 60m convertible has a seven year maturity and an indicated coupon of 3½ per cent. Lead manager is Westdeutsche Landesbank. The company's shares have reached a high of Y673 on the Tokyo stock exchange this year and a low of Y395. Final terms will be fixed on September 19 for payment on October 5.

RESULTS IN BRIEF

Columbia Pictures gain

NEW YORK, Sept. 7.

RESULTS FROM the film Close Encounters of the Third Kind brought a sharp jump in Columbia Pictures' earnings for the year ended July 1. Net profit totalled $61.52m compared with $15.02m for the previous year on revenues of $574.6m, compared with $390.5m. Fourth quarter profit was $16m compared with $5.83m on revenues of $164.3m against $121.5m.

Consolidated Foods, the food processing and distribution concern, has reported an increase in earnings a share for the year to 3.21 cents, from 2.87 cents. At Dymo Industries, the visual systems company, there was a rise to 2.03 cents at the operating level, from 1.81c.

International Rectifiers—semiconductors, drugs, alloys—more than quadrupled operating earnings, to $1.35 from 29 cents. The electrical company, Avnet, showed a gain to 74 cents from 67 cents, while **Marriott**, the food services corporation, recorded a rise to $1.26 from 97 cents. For **Seatrain Lines**—shipping—there was a slight rise, to $1.03 from $1.02.

At the nine-month stage, the shoe manufacturer and retailer, **Brown Group** registered earnings of $3.04 a share, against $2.36.

Fleetwood Enterprises, the mobile homes company, raised its first-quarter earnings to 60 cents from 48 cents.

Agencies

NYSE firms earn more

NEW YORK, Sept. 7.

MEMBER FIRMS of the New York Stock Exchange dealing with the public earned $115.2m after taxes in the 1978 second quarter, compared with $74.5m the year before.

The NYSE said the figures include revenues from all sources, including trading and investment activities, options, underwriting and interest income, as well as commission revenues. Commission revenues amounted to 46.8 per cent of total revenues in the 1978 period, a slight increase on previous quarters.

Average daily volume in the second quarter was 60.6 per cent above 1977 levels. Net profits were $170.8m in the first half of 1978, compared with $111.5m the year before. Reuter.

Can. Imperial improvement

TORONTO, Sept. 7.

CANADIAN Imperial Bank of Commerce announced third quarter net profit per share of C$1.20 against 97 cents previously. Balance of revenue of C$44.2m compared with C$33.92m, and revenue of C$773.2m with C$606.1m.

For the nine months to date, earnings per share of C$3.54 show a rise from C$2.66. Balance of Revenue of C$125.8m from C$92.7m and revenues of $C2.16bn from C$1.79bn.

Reuter

Banking deal

The Royal Bank of Canada is negotiating for the purchase of a share of a German private bank, Koch Lauteren and Company of Frankfurt, from the Bank Fuer Gemeinwirtschaft (BFG), a BFG spokesman said yesterday, reports AP-DJ from Frankfurt. BFG holds 88.5 per cent of the private bank's DM 6.97m nominal capita

Brown Boveri AG exports rise

BY OUR FINANCIAL STAFF

BROWN Boveri and Cie AG, the West German subsidiary by the Swiss Brown Boveri group, has increased first half sales by 6 per cent to DM 1.72bn ($800m) and expects to emerge from 1978 as a whole with higher turnover.

The company, which is 56 per cent controlled by the Swiss parent and has a German stock market listing, managed to offset a decline in domestic sales with higher exports. Home sales dipped by a tenth while exports rose by 31 per cent.

First half orders fell 12 per cent to DM 1.74bn, with the decline due to lower export orders, the company said. It added that first half profits was adversely affected by personnel costs, which rose by about 6 per cent, as well as the low level of capacity usage in several factories. No profit figures were given.

Results were also adversely affected by pay disputes in North Wurttemberg and North Baden. Keen competition prevented higher costs from being fully passed on.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	97½	98½
AMEV 8pc 1987	94½	95½
Australia 8½pc 1992	94½	95
Australian M. & S. 9½pc '92	96½	98½
Barclays Bank 8½pc 1992	95½	96½
Bowater 9½pc 1992	95½	99½
Can. N. Railway 8½pc 1986	93½	96
Credit National 8½pc 1986	97½	98
Denmark 8½pc 1984	97½	98½
ECS 9pc 1993	99½	100
ECS 8½pc 1997	97½	98½
EIB 8½pc 1992	95	96½
EMI 9½pc 1989	95½	98½
Ericsson 8½pc 1989	96½	97½
Esso 8pc 1986 Nov.	98	99½
Gt. Lakes Paper 8½pc 1984	98½	99
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	96½	97½
ICI 8½pc 1987	93½	94½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	97½	98½
Massey Ferguson 9½pc '91	97½	98½
Michelin 9½pc 1988	99½	100½
Midland Int. Fin. 8½pc '92	97½	98
National Coal Bd. 8pc 1987	93½	94½
Natl. Westminster 9pc 1986	100	100½
Natl. Westminster 9pc '86 'B'	101½	102½
Newfoundland 9pc 1989	99½	100
Nordic Inv. Bank 8½pc 1988	97½	98½
Norges Kom. Bk. 8½pc 1992	93½	94½
Norpipe 8½pc 1989	96½	97
Norsk Hydro 8½pc 1992	93	93½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1993	96½	97½
Prov. Saskatchwan 8½pc '86	97½	98½
Reed International 9pc 1987	94½	95½
RHM 9pc 1992	94½	95½
Selection Trust 8½pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	93½	96
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	93½	98
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7½pc 1984	97	97½
Bell Canada 7½pc 1987	91½	95½
Br. Columbia Hyd. 7½pc '85	92½	94½
Can. Pac. 8½pc 1984	97½	98½
Dow Chemical 8pc 1986	93½	96½
ECS 7½pc 1982	94½	93½
ECS 8½pc 1989	92	94½
EEC 7½pc 1982	93½	96
EEC 7½pc 1984	94½	95
Enso Gutzeit 8½pc 1984	95½	96½
Gotaverken 7½pc 1982	93½	96
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	95½	99
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	95½	99
New Zealand 8½pc 1986	95½	96½
Nordic Inv. Bk. 7½pc 1984	93	94½
Norsk Hydro 7½pc 1982	93½	96½
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	98½	99½
S. of Scot. Elec. 8½pc 1981	99	99½
Sweden (K'dom) 7½pc 1982	93½	96
Swedish State Co. 7½pc '82	93½	96½
Telmex 9½pc 1984	99½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94½	93½
STERLING BONDS		
Allied Breweries 10½pc 1990	90	91
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	88½	90½
ECS 9½pc 1989	92½	93½
EIB 9½pc 1988	97½	99½
EIB 9½pc 1992	93	94
Finance for Ind. 9½pc 1987	91	92
Finance for Ind. 10pc 1989	91½	93½
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	91½	92½
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	88½	90½
DM BONDS		
Asian Dev. Bank 5½pc 1988	94½	95
BNDE 6½pc 1986	97	98
Canada 4½pc 1983	98	99
Den Norske Ind. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	98	99
ECS 5½pc 1990	92½	93½
EIB 5½pc 1990	93½	94½
Elf Aquitaine 5½pc 1988	92	93
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	95½	96½
Forsmarks 5½pc 1990	96½	97½
Mexico 6pc 1985	96	97
Norcem 5½pc 1989	98	99
Norway 4½pc 1983	93½	94½
Norway 4½pc 1983	96½	97½
PK Banken 5½pc 1986	95	96
Prov. Quebec 6pc 1990	92	93
Rautaruukki 8½pc 1986	94	95
Spain 8pc 1988	96½	97½
Trondheim 8½pc 1988	93	94
TVO Power Co. 8pc 1989	96½	97½
Venezuela 9pc 1988	93	94
World Bank 8½pc 1988	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 9⅞pc	99½	99½
BNP 1983 9[illegible]pc	99½	100½
BQE Worms 1985 9pc	98	98½
CCF 1985 8½pc	98½	99½
Chase Manhttn. '93 9[illegible]pc	98	98½
Creditanstalt 1984 9½pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 9½pc	99½	100½
Intl. Westminster 1984 9pc	99½	99½
Lloyds 1983 8[illegible]pc	99½	100½
LTCB 1983 9½pc	99½	99½
Midland Int. FS '87 8[illegible]pc	99½	99½
Midland Int. FS '93 9[illegible]pc	98½	99½
Nat. Westminstr. '90 9[illegible]pc	99	99½
OKB 1983 9½pc	99½	100½
SNCF 1985 9[illegible]pc	99	99½
Std. and Chard. '84 9[illegible]pc	99½	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	81½	83
Babcock & Wilcox 7pc '92	103½	104½
Beatrice Foods 4½pc 1992	101½	103
Beatrice Foods 4½pc 1992	120	121½
Boots 6½pc 1993	100½	101½
Broadway Hale 4pc 1987	74½	76
Carnation 4pc 1987	76	77½
Chevron 5pc 1988	145	150
Dart 4¾pc 1987	84½	86
Eastman Kodak 4½pc 1988	90	90½
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	78	79½
Ford 5pc 1988	83½	85
General Electric 4½pc 1987	86	87½
Gillette 4¾pc 1987	77	78½
Gulf and Western 5pc 1988	84½	86
Harris 5pc 1992	218	221
Honeywell 6pc 1986	87	88½
ICI 6¾pc 1992	93	94
INA 6pc 1997	98	99½
Inchcape 6¾pc 1992	113½	115
ITT 4½pc 1987	79	80½
Jusco 6pc 1992	142	144
Komatsu 7½pc 1990	144	145
J. Ray McDermott 4¾pc '87	131	133
Matsushita 6½pc 1990	190½	191½
Mitsui 7½pc 1990	131½	133½
J. P. Morgan 4¾pc 1987	100	101½
Source: Kidder, Peabody Securities.		

This announcement appears as a matter of record only.

SVERIGES INVESTERINGS BANK AB

Luxembourg Francs 500,000,000
8 per cent. Bonds due 1988

Kredietbank S.A. Luxembourgeoise

Banque Générale du Luxembourg S.A. — Banque Internationale à Luxembourg S.A.

Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg S.A. — Banque de Suez-Luxembourg S.A.

Crédit Industriel d'Alsace et de Lorraine Luxembourg — Crédit Lyonnais S.A. Luxembourg

Société Générale Alsacienne de Banque Luxembourg

PKbanken International (Luxembourg) S.A. — Skandinaviska Enskilda Banken (Luxembourg) S.A.

Svenska Handelsbanken S.A.

August 1978

Alternatives for international finance

also in

Zurich

Badische Kommunale Landesbank, one of Southwest Germany's leading banks, operates both a representative office and a subsidiary in Zurich specializing in non-recourse export financing – unique for a German bank.

Our fully staffed representative office acts as an information and contact point for banks and clients in one of the world's foremost banking and trade finance centers.

Our wholly-owned subsidiary, Forfaitierung und Finanz AG (FFZ), provides diversified facilities for international financing operations, concentrating on non-recourse export financing (à forfait) and other specialized trade financing services.

To find out more about our services in Zurich, just contact:

• Frederick Seifert, Representative

BADISCHE KOMMUNALE LANDESBANK GIROZENTRALE

Bahnhofplatz 5 · P.O. Box 2098 · 8023 Zurich
Tel. 01 211 46 00

This announcement appears as a matter of record only. May 1978

CANDEL OIL LTD.

US $36,000,000

Buchan Field Development Finance

Arranged and provided by

International Energy Bank Limited — Canadian Imperial Bank of Commerce

INTERNATIONAL FINANCIAL AND COMPANY NEWS

First-half advance keeps Saab-Scania on target

BY WILLIAM DULLFORCE

STOCKHOLM, Sept. 7.

...B-SCANIA, THE Swedish ...k, car and aircraft manufac...t, had a 6 per cent increase ...oth sales and pre-tax earn... during the first half of the ... It is maintaining its ...er forecast of a 10 per cent ...over growth for 1978 as a ...e, and is now anticipating ...al pre-tax figure somewhat ...r than last year's SKr 333m.

...e first-half pre-tax profit ... SKr 158m ($35.9m) on sales ...SKr 5.6bn ($1.27bn). This ...ares with earnings of ... 149m in the first half of ... year and SKr 219m in the ...d half. Profit margins ... up, as shown by the ...ease of over 22 per cent in ...ating income before depreciation, but a SKr 15m rise in depreciation charges and a doubling of net interest costs to SKr 147m pulled down the pre-tax figure.

The sales growth was in fact 10 per cent when adjusted for the subsidiaries sold off since the first half of 1977, while foreign sales climbed by as much as 18 per cent to make up 47 per cent of total turnover. The order intake was 33 per cent higher, but this was due in large part to new orders from the Swedish Air Force for the Interceptor version of the Saab-Viggen aircraft.

Scania truck sales improved by 19 per cent to SKr 2.2bn and Saab car sales were up 14 per cent to SKr 1.88bn. This could point to an improvement in the profitability of the car division, which has been running at a loss for some years. Sales of Volkswagen and Audi cars, for which Scania holds the Swedish agency, fell by 14 per cent. Aircraft receipts were 5 per cent higher than in the first half of 1977.

Group investments totalled SKr 251m during the period, an increase of SKr 69m, with all but SKr 29m of this going to the truck and car plants. Liquid assets available at the end of June were almost unchanged from the beginning of the year at SKr 522m.

...eijerinvest ...rofit down ...t halfway

...y Our Own Correspondent

STOCKHOLM, Sept. 7.

...ERINVEST, the Swedish ...ng and industrial group, ...its pre-tax earnings plunge ...Kr 6m ($1.36m) during the ... half against the SKr 29m ...ded in the corresponding ...d last year, but Mr. Anders ..., the managing director, is ...ing to his earlier forecast of ...al result for 1978 in excess ...st year's SKr 55m.

...st-half turnover reached ... SKr 3.5bn ($895m) com... with SKr 3.65bn because ...e fall in Scandinavian Trad... sales from SKr 1.9bn to ...1.6bn. But the profitability ...he trading operations is ...ted to be back to normal ... dipping into the red last ...

...e group's foodstuffs com...s turned in both sales ...th and good profit develop... The export drive in this ...r is reported to be produc... results. The industrial ...tions, on the other hand, ... still hampered by the ...sion in steel manufacturing ...will show an "unsatisfactory ..." this year.

...e pre-tax figure does not ...de the yield from Beijer...t's share portfolio, or from ... per cent holding in Pripps ...eries, which together are ...ted to provide in 1978 divi...s of over SKr 28m, corres...ng roughly to SKr 6 for ... Beijerinvest share. Last ... Beijerinvest paid share...rs SKr 5 a share.

...ultaneously with publica... of the half-year reports, ...rinvest announced that it ...ought a 30 per cent holding ...e stock of Persoener AB, a ...ing of small companies ...ting mostly in the building ...ials field, from the Ratbie ...y. It also has an option to ... before June 30, 1980, ...h further shares to give it ...ority of both the stock and ...oting rights.

... price is the present stock ... valuation of SKr 75 a ... but the Ratbie family has ...ight to an extra payment ... on Persoener's perform... 1979. Persoener recorded ... of SKr 19.8m on a turn... just over SKr 200m last ... and the group has been ... through a restructuring ...s. Its operations will now ...ordinated with those of ...invest's Sonesson sub...y.

...stal in U.S.

...ial and production details ... arms assembly plant that ...que Nationale Herstal plans ... up in the U.S. will be ... known at the end of this ... The Belgian arms ... announced three months ... that it intended to set up ...oduction unit in South ...na, having taken control of ...S. arms group Browning.

...EOE series

...uropean Options Exchange ...ntroduce new January and ... series for Amsterdam-...dam Bank and Nationale ...landen from September 11, ...s Reuter from Amsterdam. ...s series will have a strike ...of Fl 85 and the Nationale ...landen series a strike price ...120.

Setback for Alfa-Laval in first six months

BY OUR OWN CORRESPONDENT

STOCKHOLM, Sept. 7.

PRE-TAX profits by Alfa-Laval, the Swedish farm and dairy equipment and industrial separator group, slipped by nearly 13 per cent to SKr 135m ($30.7m) during the first half of the year, despite an 11 per cent rise in turnover to SKr 2.14bn ($486m). Nevertheless, Mr. Hans Stahle, the managing director, anticipating lower earnings for this year, now expects the pre-tax figure for 1978 as a whole to be close to last year's SKr 305m.

The operating profit fell by SKr 10m to SKr 136m compared with the first half of 1977, mainly as a result of Alfa-Laval's spending to expand its marketing organisation in several countries. At the same time, net financial items gave an income of only SKr 9m against SKr 19m in the first half of last year. Capacity utilisation at the factories, especially during the first quarter, was also inadequate.

On the positive side, however, the order intake improved by 18 per cent during the period and, helped by last year's devaluations of the krona, Alfa-Laval has been holding on to its market shares. The group also continues to enjoy a high level of liquidity, with just over SKr 1bn at the end of June.

Orders for farm equipment rose by 25 per cent compared with the first half of 1977, and the EEC Commission's efforts to curtail farm production have not had the depressing effect on group sales which had been feared. New orders from the East bloc and developing countries have been particularly strong.

Orders for industrial products, which make up 51 per cent of total sales, were only slightly higher than during the first half of 1977, when a couple of exceptionally large contracts were signed. Dairy equipment orders rose by 20 per cent.

Sales during the second half will be substantially higher than during the first six months because several big plants are scheduled for delivery. The 1978 operating profit should also be somewhat higher than that for 1977, but net financial income will not be as large.

KSH sale to U.S. group

BY CHARLES BATCHELOR

AMSTERDAM, Sept. 7.

DUTCH starch and foodstuffs group, Royal Scholten Honig (KSH), will sell its maize and glucose factories in the UK to Cargill Inc., of the U.S. It has reached agreement in principle with the Minneapolis-based grain trader which will acquire the Tilbury and Woolwich factories belonging to KSH's Albion Sugar subsidiary.

An official of KSH, which is currently in the process of being wound up, declined to say how much Cargill will pay for the two factories. Costs at Tilbury and changes in EEC regulations which reduced the profitability of isoglucose have played a large part in the difficulties of KSH in recent years.

Four Dutch foodstuffs groups have acquired different parts of KSH's domestic operations and talks are now continuing with foreign companies over the sale of the company's interests in West Germany, the U.S., South Africa and Belgium.

A creditors meeting is due to be held before the Amsterdam district court on September 21. The Dutch state and a group of banks agreed earlier this year to provide Fl 252m ($117m) of credits to KSH to allow it to keep operating until the break-up of its various divisions could be arranged.

The company has forecast it will make a loss of Fl 40-50m for the financial year ended last month, after a provisional loss of Fl 31.3m in 1976-77.

The purchase of KSH's maize operations will strengthen Cargill's activities in this field in Europe. The U.S. company is already building a maize crushing plant with an initial capacity of 100,000 tonnes a year at Bergen op Zoom in Holland.

New chief for Pakhoed

BY OUR OWN CORRESPONDENT

AMSTERDAM, Sept. 7.

PAKHOED HOLDING, the oil-handling, transport and property group, appears to have solved the managing board problems which contributed to its poor performance over the past 18 months. The company has appointed Mr. Hub Crijns as chairman of its three-man managing board. Mr. Crijns, 47, joined the Pakhoed board a year ago.

Mr. Hens Brouwer, the supervisory board chairman and former president who was brought in last March to coordinate day to day management of the company, has completed his task, Pakhoed said.

Mr. Ger Verhagen, who headed the board from 1974 until March, remains on the board, and will be in charge of financial, economic and personnel policies.

The third board member, Mr. Rene de Monchy, will step down next year in accordance with his long expressed wish. He will be replaced by Mr. David Verburg, currently managing director of the munitions company, Eurometaal.

Problems within Pakhoed's management have led to the resignation of three board members over the past three years, and culminated in the appointment of Mr. Brouwer to supervise operations.

Pakhoed recently reported a net loss of Fl 4.3m for the first half of 1978 compared with a profit of Fl 16.8m.

Swiss rates reduced

Following the recent decision of Switzerland's big banks to lower interest rates on medium-term bonds, the five big banks and a number of smaller banks in Zurich are now to cut commercial loan interest rates by 0.25 per cent to between 4.5 and 5 per cent (according to type) from October 1, writes John Wicks from Zurich. Banking circles believe that the general downward trend in interest rates will lead to new reductions in rates on savings deposits.

HK Land in further 'New Territories' development

By Ron Richardson

HONG KONG, Sept. 7.

JUST OVER a week after Hong Kong Land Company announced its first venture in the New Territories area, leased from China, the company has revealed plans for a second New Territories development project.

The colony's major land company is to head a joint venture to build a multi-storey industrial building at Tsuen Wan, adjacent to the extensive new town project announced last week. In partnership with Cheung Kong (Holdings), Great Eagle Company and Jardine Matheson and Co., Hongkong Land has purchased a 75,560 sq ft waterfront site from Esso Standard Oil (Hong Kong) for an undisclosed price, thought to be around HK$75m.

The consortium plans to erect a multi-storey building with about 1.1m sq ft of factory and warehouse space. The building scheduled for completion in 1980, will be Hongkong Land's first industrial development. The property will be sold on completion, although Hongkong Land will remain as manager.

The total value of the development will probably be in the vicinity of HK$180m (US$40m).

Unlike the new town project announced last week, there is no Peking connection visible. In that deal, Hongkong Land and Jardine, Matheson have each taken a small stake—believed to be around 5 per cent—in the HK$1bn to HK$1.5bn development. The major partners in it are either owned by or have close links with China.

The political significance of the industrial development is minimal as Hongkong Land's interest in the building beyond the end of 1980 will be only as manager. The 99-year lease on the New territories, which China does not recognise in any case, runs until 1997.

Perhaps more interesting is the participation in the venture of Cheung Kong (Holdings), a rapidly growing company controlled by Chinese entrepreneurs which is seen as a major rival of the British-controlled Hongkong Land. Cheung Kong will have a 20 per cent interest in the Tsuen Wan industrial development, the same as Great Eagle Company, while Jardine, Matheson will hold the remaining 10 per cent.

Fairfax to buy out Macquarie

By James Forth

SYDNEY, Sept. 7.

JOHN FAIRFAX, the media group, has made a takeover bid for the outstanding shares of its publicly listed associate, Macquarie Broadcasting Holdings, Australia's largest commercial radio chain, largely because of continuing losses with its Sydney radio station. Fairfax, which also has newspaper, television and publishing interests, already owns 45 per cent of the capital of Macquarie.

Terms are A$1 for each Macquarie share, compared with the pre-offer market price of 60 cents. The offer would cost Fairfax A$7m, and values the radio group at A$12.67m (US$14.6m).

In 1976-77 Macquarie reported its first loss since listing in 1966. The directors today advised that the deficit had risen in the latest year to June 30, from A$110,000 to A$390,000 (US$448,000).

The directors of Fairfax said the continuing losses suffered by Macquarie, particularly in the Sydney station, and the difficulty in returning to profits in the short to medium term was one of the factors prompting the offer.

The directors of Macquarie recommend acceptance of the offer and intend to accept for their own holdings.

Tokyo Stock Exchange warns on share cornering

BY RICHARD HANSON

TOKYO, Sept. 7.

THE TOKYO Stock Exchange has moved publicly to suppress cornering of the markets in individual stocks after months of leaks and speculation in the press about various cases of such cornering. These have in some cases involved well-known Japanese businessmen, as well as overseas investors.

Mr. Hiroshi Tanimura, president of the exchange, warned securities houses and investors about Stock Exchange concern over the issue at a press conference here.

One of the recent cases involved Okamoto Riken Gum Company, the largest maker of condoms in Japan shares of which were reportedly bought throughout 1977 by companies and individual controlled by or affiliated with Ryoichi Sasagawa, widely known for his right wing views and dominance of the motor boat racing industry in Japan.

According to brokerage house sources, it is believed that Sasagawa and his affiliates bought around 24m shares, or about 30 per cent of the outstanding Okamoto shares. During the period when the buying apparently occurred, Okamoto's shares traded between Y285 and Y521 a share. Okamoto Riken privately bought back about 20m shares from the Sasagawa holding earlier this summer for a reported Y630 per share. The company was able to distribute them among the Fuyo industrial group companies, headed by Fuji Bank, a major shoreholder of Okamoto.

Earlier in the year, it was widely reported that a Hong Kong group of investors headed by Mr. Tang Hsiang Wang had sold the bulk of a 13.1 per cent holding in Oji Paper Company after apparently attempting to realise large capital gains through purchases during the second half of last year. The group did not do as well as might have been expected, ultimately selling at Y384 per share stock that had been bought at Y380.

Oji Paper vice-president Shubei Ichimura, after the speculative crisis had passed, reflected recently that the whole affair may have ended up as a plus to its shareholders by eventually shifting more stock to what are considered permanent and stable stockholders. He said the Hong Kong group failed because of Oji's refusal to buy at higher prices.

The Tokyo Stock Exchange is to introduce a new measure soon to block undesirable cornering of company stocks on Japanese stock markets, it was announced today, Reuter reports from Tokyo.

The move, expected to be formally approved at the exchange's director board meeting on September 19, will require public announcement of names and detailed transactions of stocks which it suspects are being cornered.

It also requires securities firms involved in "undesirable dealings" to report to the exchange the names of buyers who have placed abnormal orders and the size of their orders.

The exchange said that securities companies which intentionally continue such deals should be barred from market for a certain period.

Trust Bank boosts Bankorp

BY JIM JONES

JOHANNESBURG, Sept. 7.

A RISE of 39 per cent in after-tax profit to R9.9m ($11.4m) has been reported by Bank Holding Corporation of South Africa (Bankorp) for the year to June 30. The increase has resulted largely from the consolidation into the accounts of Trust Bank for almost the full year.

Bankorp acquired 80 per cent of the ailing Trust Bank in July, 1977 in a deal which increased Bankorp's then issued capital by one-third. Following the acquisition, Trust Bank received a R25m capital injection in the form of cumulative convertible preference shares from Sanlam, the insurance concern, which itself owns almost half of Bankorp.

The capital injection relieved much of the immediate pressure on Trust Bank to comply with regulated banking ratios.

Under new management, Trust Bank has declared a moratorium on dividend payments until it has rebuilt reserves hit by high exposure to failing South African property companies. No dividends are expected from Trust Bank for about five years.

So while consolidation of Trust Bank has boosted Bankorp's consolidated earnings, distibutable earnings have not necessarily risen in the same proportion.

Effective from June 30, Bankorp made a further acquisition, taking over the banking assets and liabilities of Santam Bank, wholly-owned by Sanlam's short-term insurance arm, Santam. The acquisition has increased Bankorp's issued capital by a further 13 per cent.

Santam Bank has none of the banking ratio problems associated with Trust Bank, and can make an immediate contribution to Bankorp's distributable profits, without the need for major profit retentions.

With this period of rapid growth through acquisition, Bankorp has built a base from which to challenge the market leadership of South Africa's big four banking groups.

Gadsden to raise A$11m

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 7.

J. GADSDEN Australia, the canmaker, packager and milk distributor, plans to raise A$11m (US$12.6m) through a cash issue to shareholders, following record earnings in the year to June 30. Profits rose from A$3.18m to A$8.25m (US$9.5m) helped by a A$2.8m contribution from Consolidated Foods, acquired during the latest year in a A$16m takeover.

Group turnover increased from A$129m to A$236m (US$270m), of which Consolidated Foods accounted for A$85m. The dividend is raised from 15 cents a share to 17 cents, and is still more than twice covered by earnings of 47 cents a share, compared with 24 cents in the previous year.

In addition the directors said that as 1979 was the company's centenary year they propose to add a centenary bonus dividend of 5 cents a share to the interim dividend for 1978-79, which normally would be payable next May.

To provide additional working capital and to finance development, the Board propose to make a cash issue on the basis of one new share for every four held. The shares will be issued at A$2.50 each, which compares with today's market close of A$3.25.

Yen rise lowers Nissan forecast

TOKYO, Sept. 7.

NISSAN MOTOR has announced that it expects its after-tax profit to fall to between Y34 and Y35bn (around $18m) for its first-half ending September 30, from Y38.21bn in the preceding six months, as a result of the sharp yen appreciation.

Profit before tax and special items will fall to about Y60bn from Y62.52bn, it said.

Last July, Nissan forecast its profit before tax and special items would rise from the previous six months for the first time in three half-year periods, but it did not give specific figures.

Nissan said that the previous estimate had been made on the assumption the yen rate to the dollar would average Y220 for the first half, as against the actual average of Y207. As a result it would have an exchange loss of Y17bn during the first half.

The company had raised retail vehicle prices in the U.S. seven times, by a total of about 26 per cent since May last year, but this covered only Y10bn of the Y17bn exchange losses.

Total vehicle production in the first-half would be unchanged from the previous estimate of 1.19m units. Domestic sales would rise to about 590,000 from the previous estimate of 570,000, while exports would fall to about 600,000 from the previous estimate of 620,000.

Total sales, would be between Y1.13 trillion (million million) and Y1.14 trillion for the half year, down from Y1.16 trillion in the preceding six months.

● Nissan is to make a one-for-ten bonus stock issue to shareholders as of September 30, to pass on to them premiums arising from its 5m capital stock offer at market price last May.

This will raise the company's capital to some Y76bn, from the present Y69.07bn.

Reuter

Japanese bank loans for Bulgaria

Japanese commercial banks led by Bank of Tokyo will lend Y7.5bn ($40m) and $90m to the Bulgarian Foreign Trade Bank, according to banking services here, reports AP-DJ from Tokyo.

The five-year yen-denominated loan will be extended at an annual interest rate of 7.5 per cent. The interest margin over inter-bank rates for the six-year, dollar loan will be ⅝ of a point for the first three years and ¾ for the last three years

...BRAZILIAN ...VESTMENTS S.A.

Net Asset Value ...s of 31st August, 1978 ...er Depositary Share: U.S.$135.53 ...Per Depositary Share (Second Series): U.S.$100.20

... The London Stock Exchange

...The Bank of Tokyo, Ltd.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series B Maturity date 10 September 1980

...n accordance with the provisions of the Certificates ...f Deposit notice is hereby given that for the ...ix month interest period from 8 September 1978 to ... March 1979 the Certificates will carry an Interest ...ate of 9½% per annum.

Agent Bank
The Chase Manhattan Bank, N.A., London

TODAY IN CWMBRAN NEW TOWN

★ New leasehold factories and serviced sites are ready NOW.

★ Government grants are available and substantial rent concessions may apply.

★ New motorways, fast trunk roads, High Speed Trains and modern docks link you with all your suppliers and markets.

★ New Town housing availability.

Cwmbran is one of Britain's most successful industrial developments – little more than 2 hours from London by M4 or 1¾ hours by High Speed Train and 1½ hours from Birmingham by rail or motorway. Cwmbran Development Corporation has already built and let more than 130 factories, and the current building programme provides a wide choice of modern, leasehold industrial premises in 1978. Fully serviced, leasehold sites are also available. We have 45,000 people, excellent housing, schools and amenities, thriving industry, and a splendid shopping centre – a magnet for the region. Get the facts about industrial opportunities and Government grants at Cwmbran. Housing will be provided for all workers in new industry, and the key men who come with you initially will be housed immediately.

Please write, phone or use the coupon TODAY.

R. W. Howlett General Manager
Cwmbran Development Corporation Cwmbran Gwent NP4 3XJ Wales.
Telephone Cwmbran 67777

Please send me information about industrial opportunities.

NAME
POSITION
COMPANY
ADDRESS

This announcement appears as a matter of record only.

TÜRKIYE CUMHURIYET MERKEZ BANKASI

The Central Bank of the Republic of Turkey

U.S.$100,000,000 Loan Facility

Guaranteed by

LIBYAN ARAB FOREIGN BANK

Managed by

Arab African International Bank-Cairo • Citicorp International Group

Gulf International Bank B.S.C. • Al UBAF Group

Co-managed by

Arab International Bank (Cairo) • The Arab and Morgan Grenfell Finance Company Limited
Banco Arabe Español S.A. • BankAmerica International Group • The Bank of Tokyo, Ltd.
Banque Arabe et Internationale d'Investissement (B.A.I.I.) • Banque Intercontinentale Arabe
European Arab Bank • FRAB Bank International • Kuwait International Investment Co.s.a.k.
Manufacturers Hanover Limited • National Bank of Abu Dhabi • Société Générale de Banque S.A.

Provided by

Gulf International Bank B.S.C. · Citibank, N.A. · Arab African International Bank-Cairo
Banco Arabe Español S.A. · Bank of America NT & SA · The Bank of Tokyo, Ltd.
European Arab Bank · Manufacturers Hanover Trust Company · UBAF Bank Limited
Arab International Bank (Cairo) · Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Intercontinentale Arabe · FRAB Bank International
Kuwait International Investment Co. s.a.k. · National Bank of Abu Dhabi
Société Générale de Banque S.A. · Chase Manhattan Bank N.A.
Arab Bank Limited – O.B.U. Bahrain · Morgan Grenfell & Co. Limited · UBAF Arab American Bank
Arab Latin American Bank – ARLABANK · Arab Turkish Bank
Banca Nazionale del Lavoro – London Branch · Banque Bruxelles Lambert S.A.
Banque Commerciale pour l'Europe du Nord (EUROBANK) · Crédit Commercial de France
Crédit Commercial de France (Moyen Orient) S.A.L. · UBAN – Arab Japanese Finance Limited
Union de Banques Arabes et Françaises – U.B.A.F. · Unione di Banche Arabe ed Europee (Italia) S.p.A.

Agent

Union de Banques Arabes et Françaises – U.B.A.F.

Dow rises 4 more in large morning volume

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—91½% (91¼%)
Effective $1.9375—42¼% (42¼%)

WEDNESDAY'S BROAD advance on Wall Street was taken a stage further in another large turnover early yesterday.

The Dow Jones Industrial Average, up nine the previous day, improved 3.81 more to 899.80 at 1 pm. The NYSE All Common

Closing prices and market reports were not available for this edition.

Index was 36 cents higher at $59.80, while rises held a two-to-one lead over declines. Turnover amounted to 27.69m shares, compared with 30.81m at 1 pm on Wednesday.

The market, however, continued to be restrained around the 900 level for the Dow Industrial Average by pre-planned institutional profit-taking.

The Commerce Department revised upward slightly its estimate of 1978 business spending plans, but said higher inflation trimmed the real gain.

A report on Consumer Debt levels and also the weekly report on money supply were due to be announced later in the day.

Pan-American Airways gained ⅛ to $9⅝ in heavy trading, including a block of 370,000 shares moved at $9⅜—it has signed a firm agreement to acquire National Airlines at $41 a share. National put on ¼ to $34¼.

Eastern Airlines, in second place on the actives list, were unchanged at $15¼, while active Braniff rose ⅛ to $18¼.

British Petroleum, also unchanged, were in the number three spot at $17¼ in trading that included a 150,000 share block at $17¼—the company reported a drop in first-half net profits.

Standard Oil of California eased ¼ to $47¾—Amax said its board has rejected a Standard Oil proposal to acquire the remaining 80 per cent of Amax not already owned. Amax had yet to trade.

Datapoint added $1 to $75¾ in response to higher fourth-quarter net profits.

IBM were strong, rising 2⅞ to $301⅞. Mobil gained $1 to $69. Xerox also $1 to $61 and General Motors ⅛ to $64⅞.

Seaboard Coast *Line* climbed 3⅞ to $35⅜—it is holding merger talks with Chessie System, unchanged at $29⅛.

General Motors, which on Wednesday reported record August motor sales, advanced $1⅛ to $65⅛.

RLC were up 2⅞ at $18⅞, after hitting $20 earlier—the company attributed the gain to a brokerage *recommendation.*

THE AMERICAN SE Market Value Index strengthened 1.15 more to 172.36 at 1 pm. Volume 3.62m shares (4.59m).

Dome Petroleum reversed course and pointed higher after two days of weakness—the company stated on Wednesday that speculation on the extent of its Beaufort Sea well pay zone was exaggerated.

Syntex, on higher fourth-*quarter earnings,* added ⅝ to $35, but active Amdahl lost $2¾ to $56⅞.

Canada

Most sectors on the Toronto stock exchange pointed higher yesterday *morning* in fairly active trading. The Toronto Composite Index put on 2.9 to 1,256.6 at noon, while Metals and Minerals gained 4.1 at 1,067.3. Oils and Gas 3.5 at 1,662.8 and Golds 1.8 at 1,648.7.

Montreal stock information *remained unavailable due to computer problems at the exchange.*

Consolidated-Bathurst "A" rose ⅛ to $34¼—the company said it has increased its holding in Price Company to more than 10 per cent.

Great Canadian Oil Sands, which has agreed to amalgamate with Sun Oil, climbed 1¼ to $9¼. National Trust edged up ⅛ to $18 on higher nine-month earnings, and Domtar, which raised its quarterly dividend, added ⅛ to $22. Abitibi Paper, the most active issue, gained ⅜ to $17¼ on 51,511 shares.

Tokyo

Market resumed its recent uptrend, with the Nikkei-Dow Jones Average advancing 14.00 to a new post-war high of 5,651.24. Volume 300m shares (360m).

Fresh buying in Foods, Public Works issues, Textiles, Pharmaceuticals and many others more than offset increased profit-taking in leading issues, with active buying by major investment rusts and other institutional investors stimulating general interest.

Main factors behind the rise were the Government's fresh economic package, announced last Saturday, a general recovery in corporate business and the U.S. dollar's better showing against the yen.

Dainippon Pharmaceutical rose Y57 to Y850, Ajinomoto Y22 to Y398, Fujitsu Y13 to Y307, Fuji Photo Y11 to Y557, C. Itoh Y11 more to Y280 and Toyo Jozo Y48 to Y717.

Nissan Motors put on Y3 to Y738 despite its downward revised first-half profits forecast.

Electricals, Constructions and Real Estates were irregular after some profit-taking.

Hong Kong

The market closed higher across *the board, but with Properties* and Hotel Management companies the centre of interest on rumours of a Hong Kong-based group of companies negotiating to build three hotels in Chinese cities. The Hang Seng index rose 12.98 *to 700.39 in active trading.*

Jardine Matheson, linked to the rumours, rose HK$1.10 to HK$19.10, but the company declined to comment on the rumours. Hong Kong Hotels gained HK$2.60 to HK$24.30. Hong Kong Land 20 cents *to* HK$14.40 and Associated Hotels 10 cents to HK$3.975.

Hong Kong Wharf, however, still reflecting the dashed take-over hopes, receded HK$2.25 more to HK$30.75 for a two-day fall of HK$8.75.

Elsewhere, Hong Kong Bank advanced 60 cents to HK$21.70, Hutchison Whampoa 15 cents to HK$7.45 and Swire Pacific "A" 20 cents to HK$11.30.

Germany

Domestic and foreign buying orders for selective issues took the market higher yesterday to leave the Commerzbank index 4.6 firmer at a fresh eight-year peak of 833.5.

Volkswagen featured otherwise little-changed Motors with an advance of DM3.0 to DM235.3.

Stores were active, with Horten rising DM3.5 to DM173.5.

Public Authority Bonds were mixed, recording both losses and gains ranging to 15 pfennigs. The Regulating Authorities sold a nominal DM 23.3m of paper.

The two-tranche Federal Loan, which began official trading yesterday, was quoted with the DM 800m 6 per cent six-year portion at 99.43 per cent and the DM 400m 6½ per cent ten-year tranche at 99.40 per cent, against their 99 per cent issue price. Mark Foreign Loans were firmer.

Paris

Stocks were generally firmer in busy trading, with Stores, Foods and Construction issues leading the way forward.

Brokers said the buying interest stemmed partly from the French Government's 1979 Budget, details of which were released on *Wednesday. They pointed out* that the Budget, which still has to be ratified by Parliament, does not appear to contain any elements which would penalise either corporations or shareholders.

Additionally, they cited the lowering of the Call Money rate to 7⅛ per cent from 7¼ per cent, the buoyancy of Wall Street overnight and the relative firmness of the dollar.

For the second consecutive day, Galeries Lafayette, the store chain, showed the strongest gain; closing about 10 per cent up on Wednesday's level.

Other sharply higher issues included Generale Occidentale, *Cetelem, Beghin, Gle-Entreprises,* Paribas, Kleber, Prenatal, Bouygues, Machines Bull, Petroles BP, UTA and BIC.

Against the trend, Bancaire, La Henin, Saone and Dollfus-Mieg lost ground.

Milan

Share prices continued to advance in heavy trading, pushing the market index 1.41 higher to a *peak for the year of 70.32.*

Bastogi rose L28 to L683 and its subsidiary Beni Stabili, also moved strongly ahead—the two companies are due to announce merger terms shortly, and there has been speculation that Bastogi will find foreign interest to back its forthcoming capital increase.

Snia Viscosa jumped L59 to L1,012 and Fiat L98 to L2,168, but ANIC weakened L4.75 to L115.

Australia

There was good support for leading Mining and Industrial shares.

BHP rose 4 cents to A$8.88 on optimism over its oil search programme.

Following confirmation of at least 26 kimberlite pipes on the Ashton diamond project, CRA added 6 cents at A$3.84 on a turnover of 300,000 shares in Melbourne. Audimco, still on its progress report regarding the Copeton diamond prospect, rose 12 cents more to 92 cents for a two-day advance of 23 cents.

NEW YORK

CANADA

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
‡ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

TOKYO ¶

AUSTRALIA

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

COPENHAGEN ♣

MILAN

VIENNA

PARIS

STOCKHOLM

OSLO

BRAZIL

JOHANNESBURG

SPAIN ♥

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½ %
Banque du Rhone	10½ %	Midland Bank	10 %
Barclays Bank	*10 %*	■ *Samuel Montagu*	*10 %*
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't Trust	10 %	Rossminster	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½ %	E. S. Schwab	11½ %
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %*	*Trustee Savings Bank*	*10 %*
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk	10 %	Whiteway Laidlaw	10½ %
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½ %		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7½%.

Indices

NEW YORK—DOW JONES

	Sept. 6	Sept. 5	Sept. 1	Aug. 31	Aug. 30	Aug. 29	1978 High	1978 Low	Since Comp. High	Since Comp. Low
Industrials	895.79	886.61	879.33	876.82	880.72	888.20	900.12 (17/8)	742.12 (28/2)	1051.70 (11/1/73)	[illegible]
H'me B'nds*	89.19	89.27	89.09	89.06	89.02	89.15	90.66 (4/1)	88.75 (11/7)	—	[illegible]
Transport	258.62	254.87	251.61	247.85	248.27	247.79	258.62 (6/9)	199.31 (9/1)	279.88 (7/2/69)	[illegible]
Utilities	107.41	107.44	107.21	106.66	106.45	106.16	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	[illegible]
Trading vol. 000's	42,700	32,170	35,110	33,850	37,750	38,780	—	—	—	—

* Basis of index changed from August 24

	Sept. 1	Aug. 25	Aug. 18	Year ago (approx.)
Ind. div. yield %	5.38	5.26	5.24	5.16

STANDARD AND POORS

	Sept. 6	Sept. 5	Sept. 1	Aug. 31	Aug. 30	Aug. 29	1978 High	1978 Low	Since Comp. High	Since Comp. Low
‡ Industrials	116.85	115.82	114.88	114.38	114.68	114.91	116.85 (6/9)	95.52 (6/3)	134.64 (11/1/73)	[illegible]
§ Composite	105.38	104.48	103.68	103.29	103.47	103.35	105.38 (6/9)	86.90 (6/3)	125.85 (11/1/73)	[illegible]

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

Rises and Falls

WEDNESDAY'S ACTIVE STOCKS

FARMING AND RAW MATERIALS

UK coffee consumption recovers

INSTANT COFFEE consumption in the UK during the first seven months of 1978 has risen by around 6 per cent above the low level in the same part of 1977, Nestlé told Reuter.

The company's sales and nationwide research showed the recovery began in April, since when consumption had risen by more than 30 per cent on the same period a year earlier.

Barring a dramatic rise in world market prices, consumption for the year as a whole could be around 15 per cent up on 1977 and beginning to approach pre-Brazilian frost levels in 1975.

The company noted that instant coffee consumption now included coffee mixed with substitutes and such an improvement in consumption would not be clearly reflected in increased UK imports of coffee beans.

Coffee mixtures accounted for about one-third of the instant coffee market in the UK soon after they were introduced in the last quarter of 1977. But since coffee price cuts in January the compound's have taken about a 20 per cent share.

Around 90 per cent of the coffee sold in the UK is in soluble, or instant, form.

● El Salvador is preparing to ship about 100,000 bags of coffee to Europe over the next few weeks, Jorge Machon, a spokesman for the Salvadorean Coffee Company said.

In San Hose, Alvaro Jimenez, director of the Costa Rican Coffee Bureau, said Costa Rica will sell some 20,000 bags of available coffee.

Coffee production for 1978-79 amounts to 2,023,000 bags of which 1,740,000 will be for export.

Hen slaughter idea approved

BY CHRISTOPHER PARKES

EGG INDUSTRY leaders agreed yesterday after a protracted series of meetings to prepare "forthwith" a scheme to kill off surplus hens.

Vital details, however, such as financing the plan, have still not been agreed. A further meeting of the Eggs Authority Producer Advisory Committee has been called for September 28 to draft a complete scheme.

This will then be passed on to the Ministry of Agriculture for approval and from there on to the EEC Commission n Brussels for the final blessing.

The Eggs Authority said it was agreed the plan must be launched as quickly as possible but there are still apparently great rifts between the various sectors of the egg industry.

The only suggestion published is the idea of Mr. Mike Weller, the NFU's representative at the meetings. He has proposed raising £50,000 to pay 20p a bird compensation on 2.5m surplus hens by increasing the levy on hatching chicks by £1 to £5.37 a hundred chicks.

This has raised protests from many quarters, mainly among the many producers who claim the egg surplus is none of their doing.

The Government seems unlikely to offer any funds, especially in view of the numerous warnings about over-stocking issued to egg farmers over the past months.

Another difficulty is the shortage of slaughterhouse capacity for old hens. Abattoir owners have been warning farmers that they have waiting lists and some need up to 6 months' notice to take on new custom.

Egg prices remained unchanged this week at wholesale level. Heavy advertising promotion continues on radio television and in the Press.

Egg sales are picking up again as the holiday season dwindles and school kitchens open again, but there are grounds to believe that the worst of the surplus has yet to come. Many of the excess birds now in laying cages have yet to reach their production peaks.

Mr. Weller claims losses of 10p a dozen eggs are costing the industry £2m a week.

● First-hand prices of Irish and Ulster bacon were cut by £85 a tonne yesterday—the first change since July 6. Danish and British prices, however, remained unchanged at £1.115 and £1,085 a tonne respectively.

Tin breaks through £7,000

By Our Commodities Editor

TIN PRICES on the London Metal Exchange yesterday rose above £7,000 a tonne for the first time since last December when the market reached record levels.

Standard grade cash tin closed £85 higher at £7.035 a tonne after trading at £7,060 earlier.

The rise came despite a slight fall in the Malaysian market overnight from M$1,835 to M$1,830 a picul, which is still above equivalent London levels.

Previous rumours of further moves to secure surplus tin sales from the U.S. stockpile were discounted and this allowed the market to continue its recent upward trend.

Further strength was given by predictions of another fall in LME warehouse stocks and a general tightening in supplies available.

However, it was noted that there is some nervousness about possible stockpile releases, which is tending to discourage speculative interest.

Copper prices were steadier than expected following news that the Peruvian miners' union had instructed workers to resume their strike in protest against the Government's military regime.

Meanwhile in Washington a special session of the Organisation of American States permanent council was called to hear protests from Chile and Peru about the recommendation for the U.S. to adopt a quota of 300,000 tons on copper imports.

STRAW DISPOSAL

Burning still the best bet

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

A FEATURE of the harvest scene in the south has been the return of straw burning on a massive scale. On some evenings the smoke haze has been such as to bring back memories of Australian bush fires, which used to colour the sunset at a great distance. It seems to many that the waste of so much potential heat is to be deplored, but there is little farmers can do about it.

In 1975-76 there was a good market for straw. Farmers in the west of England and Wales — overstocked and suffering from drought — hauled thousands of tonnes of it from the arable areas, but now cattle numbers have been reduced and this summer's good grass yields have provided ample hay and silage for next winter.

Even in Devon and Cornwall there is little trade for local straw, so no one is going to spend anything from £10 to £15 a tonne hauling it down there.

No demand

Nor will many farmers bale straw on spec. It can cost anything up to £15 a tonne to bale and stack it under cover, and once in a heap it is a fairly unsaleable commodity.

It needs protection from the weather, and this really means permanent buildings. Once in these, the rats, and particularly mice, make a fair mess of it, so the loss over the winter can be quite expensive.

Over the last two or three years there was quite a flurry of interest in processing straw with caustic soda to turn it into a cereal substitute. BOCM, the animal feed company, set up a subsidiary Unitrition with plants in several parts of the country, and an expanding market seemed to be on the way. But because stocks of the material are high there appears to be no real demand for fresh straw to process for the time being.

The feed use of processed straw has been taking a knock because of the imports of manioc and other cereal substitutes and the general cheapness of home-grown cereals, to say nothing of a certain consumer resistance to the material based as much on prejudice as on fact.

The demand may come again, not only for animal but for certain industrial uses, but not before something can be done to compact it for transport.

All the present balers turn out a slack bale, which means that eight or 10 tonnes is the most that can be loaded on a very large lorry. There is no reason why straw destined for an industrial use should not be processed on the farm so that double or treble the weight can be compacted into a similar volume.

Until this has been done, straw burning is likely to continue and any farm trade for large quantities will only be because of sudden feed shortages through drought or other causes.

The alternatives to burning on the farm are scarce. Few arable farmers have any sizeable head of stock which will either eat the straw or tread it into manure — the classical material for manuring the land 50 years ago.

Ploughing it in after spreading is a possibility, but work at the Ministry's Letcombe Laboratory has demonstrated that not only does ploughing in straw lead to a reduction in fertility, due to the nitrogen needed to break it up, but that in some cases the effect of straw residues is actually toxic to the next crop.

On my own farm I ploughed in straw for a long time, only to find that for two or three years afterwards whole straw could be found at the bottom of the furrows. Like feeding it to animals, most straw has to be processed before it can be incorporated into the soil, either by mixing with dung or composting.

Minimal

Composting, as I saw in China recently, is fine if you have a big labour force and plenty of other material with which to mix it. But few arable farmers have the basic requirements of animal and human residues to start the process, nor do I think it would be really economic if finally made.

There is no evidence that removal of the straw either by burning or anything else does any harm to the organic content of the soil. This is probably kept up by the root growth of the crop just harvested.

It is pretty obvious that a heavy crop of straw and corn must mean a heavy growth of roots and this material does break down easily in the soil.

There is another factor which should be taken into account, particularly by manufacturers of tractors and heavy machinery. At the Letcombe Laboratory, and on many farms systems of what are called minical cultivation or even of no cultivation at all are being developed.

In essence this means that the plough is not used and the surface of the soil is hardly disturbed.

The best preparation of this technique is to have a complete scorch of all stubbles so that the seed can be planted no more than an inch or so deep, either with a drill designed for the purpose, or with a conventional drill following very light cultivations or scratching of the soil.

This is a complete departure from traditional farming which used cultivations to destroy the weeds.

Weeds are being increasingly controlled by sprays. This is expensive but when the overall costs of mechanical cultivation are taken into account, chemical farming could work out more cheaply than the more traditional methods on some soil types.

Under this system the less straw there is about the better, and as it catches on there will probably be more burning. Then buyers of straw, if there are any left, will have to offer really good prices to persuade farmers to forgo the benefit of a good clean burn, which is worth a lot in hard cash these days.

Sharp rise in world sugar market prices

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD SUGAR values rose sharply on the London terminal market yesterday. The London daily price for raw sugar was marked up in the morning by £3 to £102 a tonne—the highest level for three months.

On the futures market the December position rose by £3.675 to £105.55 after trading at £106.25 at one stage.

The market opened higher following the overnight trend in New York and renewed rumours that China was buying. There was an unconfirmed reports that the Chinese had purchased as much as 10 cargoes, equal to over 100,000 tonnes.

Further encouragement to the upward trend was given by the news of the decisions of the U.S. Congress Ways and Means Committee to drop the controversial escalation clause in the domestic sugar Bill.

It is hoped that this may help clear the legislation and speed up U.S. ratification of the International Sugar Agreement.

However, it seems very unlikely the U.S. will be able to ratify the pact before October 1 when the postponed special stock financing scheme is supposed to start operating.

The International Sugar Council is, therefore, expected to meet this month to decide whether to postpone introduction of the scheme — one of the additional market support measures — for another three months.

Meanwhile prices were also boosted yesterday by statistician F. O. Licht's first estimate of European sugar production in the 1978-79 season.

He predicts output overall will fall to 29,040,000 tonnes compared with 30,418,000 tonnes last season. The main decline is in the EEC, where production is put at 11,160,000 tonnes against 12,164,000 tonnes previously.

Peru fishing to reopen

LIMA, Sept. 7.

INDUSTRIAL fishing will resume on September 19 in Peruvian waters, according to an official Government decree, reports Reuter.

A maximum of 130 fishing boats will be authorised to bring back species such as sardine and hake for processing into meal and oil, the decree said.

Other species will have to account for no more than 20 per cent. of the catch. But it did not say whether these other species included anchovy.

Fishing, suspended on July 7 for a routine two-month winter ban, will be spread over Mondays to Fridays 20 miles off the coast.

Compensation urged for pea crop losses

BY CHRISTOPHER PARKES

PEA GROWERS are pressing the main vegetable freezer companies for extra payments to compensate them for reductions of up to 20 per cent in their yields this year.

They want the processors to raise their retail prices and pass back some of the extra income to the farmers.

The Processed Vegetable Growers' Association warned yesterday that frozen pea prices, which rose 1p a pound this week, were likely to go up again in the next few months.

"This harvest has been one of the longest and most expensive ever, and the weather confounded planners in the processing companies," the association said.

This year's pea crop fell about 34,000 tonnes short of expectations—a reduction of 20 per cent.

In 1977 yields were high and the 120,000 acres sown with peas for the freezers yielded a bumper crop of more than 200,000 tonnes.

Because of this glut and fierce competition in the shops from abundant supplies of fresh vegetables last winter, the agricultural advisers to the processors recommended that they should reduce the acreage contracted for pea growing.

Farmers protested at this reduction — down to 100,000 acres—and also at the processors' refusal to raise the contract price for peas.

Now the harvest is over and freezers may face problems because of the shortage of peas. The growers estimate the crop produced only 135,000 tonnes.

Welsh farms move away from beef

By Robin Reeves

WELSH LIVESTOCK farmers moved out of beef and more into sheep over the past year, according to the June agricultural returns for Wales just published.

They show that the total number of beef and dairy-type breeding cows fell by 7,000 or 1.4 per cent compared with June 1977. The dairy herd was little changed but beef cattle fell by 7,000 or 3.4 per cent.

The sheep breeding flock, on the other hand, including shearing ewes, was 166,000 or 4.7 per cent higher.

There was a sharp decline in the total pig breeding herd. Sows and gilts-in-pig and other sows for breeding were 2,000, or 8 per cent below the June 1977 figure.

Cocoa hits £2,000

BY OUR COMMODITIES STAFF

COCOA TRADED at £2,000 a tonne yesterday on the London futures market for the first time since April. Prices quickly came down again on profit-taking sales, but nevertheless the December position closed £49.5 up at £1,986.5 a tonne, more than £200 higher than a month ago.

Recent market rumours of a setback in the Brazilian crop received official backing when a spokesman for Ceplac in Rio de Janeiro forecast that the forthcoming main crop would be only 1.1m to 1.2m bags (of 60 kilos each) compared with 1.59m bags last year.

The 1978-79 Temporao crop was estimated at 2.3m bags against 2.3m bags previously.

The cutback in the rain-affected Brazilian main crop comes at a time when there are gloomy predictions about the forthcoming West African crops, particularly in Ghana.

Prices have also been pushed higher by reported buying interest from the Soviet Union and a major Dutch manufacturer recently, and accelerated by speculative buying, especially from chartists.

It is suggested that chart patterns predict a further rise in values to above £2,050, but there are some doubts as to whether the market may have risen too fast and furiously thus making it vulnerable to a technical reaction.

There were also reports of selling by producer countries, which has so far been absorbed by consumer offtake and speculative buying.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange. Further uncertainty about events in Peru made sellers reluctant. A considerable part of the volume traded was carries. During the morning forward metal rose from £741 to £748 and held relatively steady against a weak Comex. This induced arbitrage dealing and there was some two-way trade hedging. After touching £7[illegible] on the late Kerb, the price closed at £744. Turnover: 13,530 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	732.5-3	+1.5	728.5-9	+.25
3 months	747-.5	+1.75	745.5-4.5	+.5
Settlem't	733	+1.5	—	
Cathodes				
Cash	723-4	+5	718-9	—1
3 months	739-.5	+2.5	734.5-5	—.5
Settlem't	724	+5	—	......
U.S. Smt.	—	......	65-66	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £733, 32.5, three months £748.5, 47, 47.5, 47. Cathodes three months £739. Kerb: Wirebars three months £747.5. Afternoon: Wirebars cash £728.5, three months £745.5, 45, 44.5, 44. Cathodes three months £735. Kerb: Wirebars three months £744, 43.5, 43, 43.5, 44, 44.5, 44.

TIN—Firm as recent buying continued following the dying down of rumours about a quick release of U.S. stockpiled tin to the ITC. The East was slightly easier overnight. Forward metal started at £6,880 and moved up to £6,945. After hovering around this level some profit-taking caused a fall to £6,910, but a rally led to a close on the Kerb of £6,940. Turnover 1,895 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7050-70	+80	7050-40	+85
3 months	6935-40	+50	6946-60	+60
Settlem't	7070	+80	—	......
Standard				
Cash	7050-60	+75	7030-40	+85
3 months	6935-40	+70	6925-30	+60
Settlem't	7050	+70	—	......
Straits E.	$1,855	......	—	......
New York	—		—	......

Morning: Standard cash £7,040, 50, 60, 60, three months £6,920, 30, 20, 25, 30, 40, 30, 30, 40, 45, 40, 30, 35. High Grade three months £6,940. Kerb: Standard three months £6,930, 35, 30, 25. Afternoon: Standard three months £6,920, 10, 25. Kerb: Standard three months £6,930, 35, 40.

LEAD—Steady as forward metal traded in a narrow range. The market lacked fresh features and business was subdued. There was a tendency for the contango to widen. After opening at £343, the trading range was £340-£343 and the close on the Kerb was £342. Turnover: 4,025 tonnes.

[illegible]

I.G. Index Limited 01-351 3466 Three Month Tin 6916-6974
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COURSES

The Hatfield Polytechnic
Opportunities for Part-time Postgraduate Study by day-release in
Operational Research
(M.Sc. Diploma and Research Projects)
and
Optimisation
(M.Sc and Research Projects)
Full-time research topics in these and associated areas are also available.
For further information and enrolment details please contact the School Administrator, School of Information Sciences, P.O. Box 109, Hatfield, Hertfordshire. Telephone: Hatfield 68100 ext. 331

COMPANY NOTICES

BRANDTS SECOND LEASING LIMITED

At an Extraordinary General Meeting of the above named Company duly convened and held at 23, Fenchurch Street, London EC3P 3ED, on the 5th day of September, 1978, the following Special Resolution was duly passed:—
"That the Company be wound up voluntarily and that RAYMOND MASTERS ILES, of 23, Fenchurch Street, London EC3P 3ED, be and he is hereby appointed Liquidator for the purposes of such winding up."
D. E. MEEKINS, Chairman.

BRANDTS THIRD LEASING LIMITED

At an Extraordinary General Meeting of the above named Company duly convened and held at 23, Fenchurch Street, London EC3P 3ED, on the 5th day of September, 1978, the following Special Resolution was duly passed:—
"That the Company be wound up voluntarily and that RAYMOND MASTERS ILES, of 23, Fenchurch Street, London EC3P 3ED, be and he is hereby appointed Liquidator for the purposes of such winding up."
D. E. MEEKINS, Chairman.

BRANDTS FIFTH LEASING LIMITED

At an Extraordinary General Meeting of the above named Company duly convened and held at 23, Fenchurch Street, London EC3P 3ED, on the 5th day of September, 1978, the following Special Resolution was duly passed:—
"That the Company be wound up voluntarily and that RAYMOND MASTERS ILES, of 23, Fenchurch Street, London EC3P 3ED, be and he is hereby appointed Liquidator for the purposes of such winding up."
D. E. MEEKINS, Chairman.

GOLD SILVER PLATINUM
Buyers-Processors-Refiners
Basic Metal Co Ltd
Vineyard Walk, London EC1
01-278 6311 Telex: 27159

ART GALLERIES

FIELDBOURNE GALLERIES, 63, Queen's Grove, St. John's Wood, 586 3600. LANDSCAPES by Royal Academicians. MARBLE Carvings YOMA SASBURGH.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION.

GOLD
AND THE WEAKNESS OF THE U.S. DOLLAR
This transcript from the Journal of Commerce written by our Director of Research is available
For your copy, ring or write to:—
ContiCommodity
World Trade Centre ● London E1 9AA
Telephone: 01-488 3232

SILVER

[illegible]

COCOA

[illegible]

COFFEE

Robusta terminal opened quietly steady keeping in step with its New York counterpart reports Drexel Burnham Lambert. The late morning and early afternoon produced no major price fluctuations as trade and local jobbers kept a low profile. Lately some small scale long liquidation touched off Commission House [illegible]

[illegible]

RUBBER

SLIGHTLY HIGHER [illegible]

[illegible]

GRAINS

[illegible]

... in units of account per tonne: Common wheat—92.80, rest nil (same): Durum wheat—122.93, 0.64, 0.64, nil (122.70, 0.45, 0.45, nil): Rye—88.4, 1.27, 1.27, 1.27 (84.48, 1.43, 1.43, 1.43): Barley—85.83, rest nil (same): Oats—71.36, rest nil (same): Maize (other than hybrid for seeding)—75.07, 0.30, 0.30, 0.64 (78.07, 0.34, 0.34, 0.34): Buckwheat—All nil (same): Millet—42.12, rest nil (same): Grain sorghum—[illegible]

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

... hindquarters 85.0 to 87.0, forequarters 33.0 to 36.0.

Veal: English Fats 64.0 to 72.0, Dutch hinds and ends 80.0 to 86.0.

Lamb: English small 58.0 to 62.0, medium 54.0 to 58.0, heavy 54.0 to 58.0; Scotch medium 54.0 to 58.0, heavy 54.0 to 56.0. Imported frozen: NZ PL 50.0 to 53.3 YLs 49.0 to 51.0.

[illegible]

... 0.12. Damsons—Per pound 0.15. Tomatoes—Per 12-lbs English 2.40-2.60. Cabbages—Per crate 0.80. Celery—Per head 0.10. Cauliflowers—Per 12 Lincoln 1.60-1.80. Runner Beans—Per pound Stick 0.08-0.10. Beetroot—Per 28-lbs 0.60. Carrots—Per 28-lbs 0.50-0.60. Capsicums—Per pound 0.20. Courgettes—Per pound 0.09-0.10. Onions—Per bag 1.80-2.00. Picklers 2.30. Swedes—Per 28-lbs 0.50. Turnips—Per 28-lbs 1.30-1.40. Parsnips—Per 28-lbs 1.40. Sprouts—Per pound 0.10-0.11. Cobnuts—Per pound Kent 0.40. Corn Cobs—Each 0.06-0.06.

End of U.S. commodity limits urged

WASHINGTON, Sept. 7.

THE COMMODITY Futures Trading Commission proposed the removal of the daily limits on speculative trading to eliminate unnecessary restrictions on the markets and to enhance competition and market liquidity, reports Reuter.

The commission said the daily trading limits are not necessary to prevent excessive speculation and may impede market liquidity.

The proposal is subject to a 60-day comment period after publication in the Federal Register.

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

Sept. 6	Sept. 5	Month ago	Year ago
249.23	249.29	258.01	240.61

(Base: July 1, 1952=100)

REUTERS

Sept. 7	Sept. 6	Month ago	Year ago
1479.0	1471.4	1437.0	1500.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 6	Sept. 5	Month ago	Year ago
Spot	377.17	377.31	363.39	364.98
Futures	376.20	374.24	342.45	319.39

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 6	Sept. 5	Month ago	Year ago
Spie Commty	940.6	939.4	916.9	851.7

(December 31, 1931=100)

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.30, codlings £2.80-£4.00, large haddock £4.50-£5.40, medium £3.60-£4.00, small £2.50-£3.40, large plaice £4.70, medium £4.60-£5.00, best small £4.00-£4.20, large skinned dogfish £9.00, medium £5.70, large lemon soles £8.50, medium £6.00, saithe £2.60-£2.80.

U.S. Markets

NEW YORK, Sept. 6.

PRECIOUS METALS closed lower on speculative liquidation ahead of the monthly IMF auction, Bache reported. Copper declined sharply after the reported settlement at the Peruvian miners' strike. [illegible]

[illegible]

LIVERPOOL COTTON—[illegible]

STOCK EXCHANGE REPORT

Equities rise awaiting election date statement

Share index up 5.2 at 508.7—ICI interim satisfactory

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug. 21	Aug. 31	Sep 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The assumption that the Prime Minister would reveal the date of the much-mooted Autumn general election in last night's ministerial broadcast and thus dispel the recent political uncertainty which has inhibited interest in equity stock markets was purportedly the reason for a revived upturn in *the Industrial leaders yesterday.*

A slightly easier trend at the start of business soon faded and the FT 30-share index, which touched its lowest of the day at 11 a.m. with a loss of 1.1, recovered to show a gain of 3.4 at 3 p.m. and was extended further to a close 508.7, up 5.2 on balance, when a small late flurry of late interest brought rises not really comparable with the amount of late interest brought rises not really comparable with the amount of business transacted. Imperial Chemical Industries' eagerly awaited interim results were much in line with expectations, but British Petroleum's first-half achievement was deemed slightly disappointing, although the accompanying statement was well received.

Apart from company news items and the odd bid situation there was not a great deal worthy of note in secondary issues. The general trend, however, was to higher levels and the FT-Actuaries All-Share index improved 0.3 per cent to 232.54.

In Contrast, British Funds were a rather dull and neglected market. The fall in U.S. treasury bill rates failed to help the shorts where prices eased by around ¼ before picking up to close 1/16 off on balance. It was a similar story inthe longer maturities, early losses of ¼ being reduced to ⅛ at the close. Trading was at a low ebb throughout the session with conditions remaining thin and sensitive.

A combination of institutional support and arbitrage selling of investment currency brought fluctuations of 92¼ to 90¾ per cent in the premium before it closed virtually in the middle of the range at 91¼ per cent, up ½ on *the day. Yesterday's SE conversion factor* was 0.7022 (0.7030).

Interest in the Traded Option market yesterday centred around ICI both before, and after, publication of the interim results. Subsequently, 364 contracts were completed, or over half of the total number of 678.

Mirroring the return to profitability in the first half-year, **Goode** *Durrant and Murray* hardened 2 to 23p. Elsewhere in Merchant Banks, **Guinness Peat** eased that amount to 250p, after 247p, following comment on the preliminary figures. **Hambros** softened 2 to 183p on news that Norwegian political influences are threatening to block the extension of the loan guarantees for ships and drilling rigs given to the troubled Reksten group by the Norwegian Guarantee Institute Lower at one time, the major clearers rallied to close only a penny easier on balance. NatWest ended that much down at *275p, after 272p. Among Overseas* issues. **ANZ** edged forward 3 to 303p; the price in yesterday's issue was incorrect.

Sun Alliance, at 546p, recovered half of Wednesday's fall of 24 following comment on the interim results, while **GRE**, 236p and **Phoenix**, 246p, rallied 4 and 2 respectively for similar reasons.

Still reflecting Press comment, **Distillers** rose 4 to 202p for a two-day gain of **S. A. Bell** picked up a like amount at 276p, but Highland eased 2 to 146p. Breweries were idle and featureless.

Slightly easier at the outset, **Richard Costain** advanced a net 8 to 250p following the announcement of interim profits above market expectations. **Taylor Woodrow** held a sympathetic improvement of 4 at 458p and, in response to the higher half-year earnings, **Wilson (Connolly)** rose 6 to 146p. Elsewhere in Buildings, trade remained sporadic. Mirroring business late on Wednesday, **G. H. Downing** opened 5 higher and in a limited market improved another 5 to a 1978 *peak* of 130p. **Royco** firmed 2 to 35p on an investment recommendation, while **Barratt Developments** added a like amount at 115p, also on interest created by Press comment. Despite news of an increase in Irish cement prices, **Cement Roadstone** remained at 108p.

Although business was disappointing, ICI edged forward after interim results in keeping with market estimates to close a net 4 higher at 405p. Elsewhere in Chemicals, **Brent** firmed 8 to 216p on buying ahead of the interim figures, which are expected shortly.

Among Plantations, **Assam Investments** slipped 5 to 110p on the disclosure of sharply reduced earnings.

Leading Stores settled at the highest levels of the day. **Combined English**, 119p, **Gussies A**, 316p, and **W. H. Smith A**, 178p, all finished 4 higher, while **House of Fraser** added 3 at 167p and **Marks** *and Spencer 2 to 88p.* Secondary stocks were notable for a late burst of strength in **Ratners**, up to a 1978 peak of 80p before closing 7 higher at 76p in response to the proposed dividend-boosting rights issue. The associated jewellery concern, **H. Samuel A** gained 4 to 191p in sympathy. Sharply higher annual profits and a proposed 100 per cent scrip-issue boosted **S. Casket**, which jumped 7 to 70p, after 72p, while small buying in a thin market ahead of the forthcoming interim results left **Lee Cooper** 13 to the good at 140p. **Jas. Walker**, in contrast, reacted 6 to 122p and the N/V lost 5 to 112p on profit-taking following a reported bid denial.

Plessey, which reported better-than-expected first-quarter figures on Tuesday, featured late with an improvement of 6 to 111p. **BICC** hardened 2 more to 137p on further consideration of the interim report, while other firm spots included **Wholesale Fittings**, 4 up at 214p, and **Farnell Electronics**, 5 better at 365p.

The Engineering majors repeated the previous day's irregular pattern. **GKN** cheapened 4 more to 268p, after 265p, on further nervous offerings ahead of next Friday's interim results, while **John Brown** eased 2 to 466p, after 464p. **Hawker**, however, put on 4 to 252p as did **Tubes**, to 404p. Elsewhere, dealings in the latter's subsidiary, **British Aluminium**, were *suspended with the ordinary* at 735p and the partly paid at 425p ahead of later details to the *effect that Reynolds Metal has* disposed of its 48 per cent shareholding in BA's ordinary, mostly to various institutions for around 775p per share. **Capper Neill** were in demand again and closed 6 dearer at 90p, while fresh speculative support lifted **ML** 10 to 184p and **Mining Supplies** 4 to 96p. In Shipbuilders, **Hawthorn Leslie** rose 7 to 80p.

Following Wednesday's late weakness on unsubstantiated fears that a fund-raising proposal might accompany the interim statement, **Cadbury Schweppes** expressed relief over its absence with a rise of 3½ to 38½p; the half-yearly profits were in line with most market expectations. Other Foods also closed firmly. Small buying in a restricted market lifted **Watson and Philip** 5 to 38p, while **Northern Foods**, 108p, and **Hazlewoods (Proprietary)**, 67p, put on 3 apiece. **Tate and Lyle** closed without alteration at 176p, after 174p, sentiment was little affected by news that the company has earmarked £20m for development of new outlets for sugar-cane and other energy rich crops. On a dull note, **J. Lyons** eased 2 to 184p pending fresh developments in the bid situation. In Supermarkets, **Tesco** hardened 1½ to 51½.

BET please

The miscellaneous Industrial leaders rallied from a quietly dull start and closed at their highest of the day. **Beecham** finished 5 to the good at 715p, after 708p, and **Glaxo** improved 3 to 615p, after 610p. **Bowater**, on the other hand, softened 2 more to 197p on scattered selling ahead of Monday's interim results. Elsewhere, **Compton Sons and Webb** returned to the market following the bid terms from Carrington Viyella; opening at 56p, compared with the suspension price of 43p, the shares closed at 55p. **BET Deferred** added 6 to 116p in response to better-than-expected preliminary profits, while **Morgan Crucible** advanced 3 to 130p, after 124p, despite slightly lower annual earnings. **Abel Morrall** fell 6 to 41p, after 40p, on the disappointing interim results and, for a similar reason, **Gibbons Dudley** gave up 2 at 77p.

Caledonian Associated Cinemas advanced 20 to 500p in continued response to an investment recommendation.

Dowty maintained a firm trend rising 6 to 285p for a two-day rise of 18 on continuing speculation about the company receiving lucrative mining equipment orders from China. Elsewhere in Motors and Distributors, small buying in *restricted markets lifted* **Tate of Leeds** 3 to 78p and **Western Motor** 21 to 115p. **Heron Motor** were also in favour, the ordinary rising 6 to 131p and the 10 per cent convertible gaining six points to £202. **Dunlop**, a dull market of late, hardened 2 to 78p.

Dull initially on the announcement of a £3.8m rights issue, **British Printing** rallied on the continued profits recovery and closed unchanged on balance at 53p.

Interest remained at a low ebb in the Property sector, but the leaders managed modest improvements. **Land Securities** finished 3 dearer at 239p and **MEPC** 2 up at 142p. Secondary issues presented a mixed picture with price movements usually being restricted to a penny or so.

Any disappointment with British Petroleum's interim profits was countered by the encouraging accompanying statement and BP traded between 900p and 888p before closing a net 4 down on balance at 890p. **Shell** plotted an irregular course and ended 2 lower on balance at 572p, after 578p. Elsewhere, persistent small buying took **Burmah** a penny higher to a high for the year of 85p, but **Ultramar** succumbed to light profit-taking and eased 2 to 242p.

Overseas Traders were noteworthy only for revived speculative interest in **Gill and Duffus** which improved 4 to 158p.

Foreign and overseas-orientated issues provide the few noteworthy movements in Investment Trusts. **City and Foreign Investment** improved to 84p before closing a net 2½ better at 82½p, while similar gains were recorded in **Atlantic Assets**, 108p, and **Montagu Boston**, 63½p. **West Coast and Texas** hardened 2 to 78½p. Hong Kong issues had **Haw Par**, a penny harder at 85p, and **Jardine Securities**, 5 higher at 150p. In Financials, **London and European** responded to the first-half profits increase with a rise of 3 to 33p. Small speculative demand left **Investment Company** 2 firmer at 19p, but **Londn Merchant Securities** eased a penny to 126p on nervousness ahead of today's preliminary figures.

Publicity given to the interim report directed a fair amount of attention to **P. and O. Deferred**, which hardened 3 to 89p for a two-day rally of 5. Other Shippings were quiet and little changed.

In Textiles, **British Enkalon**, at 16½p, made no response to news of the first-half trading recovery.

Fears of an escalation of the fighting in Rhodesia coupled with slight disappointment with the outcome of the International Monetary Fund gold auction depressed South African Golds.

The bullion price was finally $2 lower at $211.125 per ounce, while the Gold Mines index relinquished 3.6 to 181.3.

Among Plantatoions, **Assan Investments** slipped 5 to 110p on the disclosure of sharply reduced earnings.

Sel. Trust move ahead

News that trading in shares of **Amax** had been suspended in New York prior to the rejection of a merger proposal from Standard Oil of California caused a flurry of activity in **Selection Trust**, which has an 8.3 per cent stake in Amax, and left **Selection Trust** 29 firmer at 495p, after a 1978 high of 510p.

In turn, the strength of Selection Trust prompted some fairly aggressive buying of **Charter Consolidated**, which put on 4 to 154p, reflecting its 25.8 per cent holding in the former, after being 148p in early dealings. Among other UK Financials, **Rio Tinto-Zinc** closed 2 better on balance at 242p, after 238p but **Tanks** eased 6 to 181p.

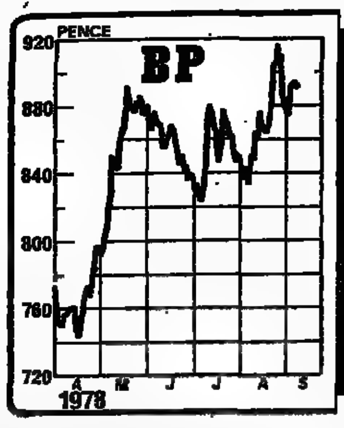
Losses in the heavyweights ranged to ¾ as in **West Driefontein**, £25¾ and **Western Holdings**, £21½, while **Free State Geduld** and **Hartebeest** were both around ½ cheaper at £18¾ and £13 respectively.

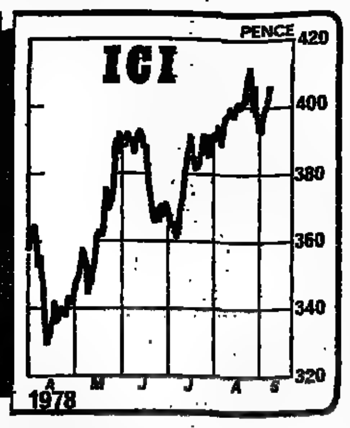
South African Financials lost ground overall in sympathy with Golds.

A notable exception, however, were **General Mining**, which moved ahead in the late trade to close ¼ up on balance at £19¼ following the increased half-year profits and dividend and proposed share split.

Australians presented a mixed appearance. Profit-taking in overnight domestic markets caused widespread falls among the diamond exploration issues, notably **Conzinc Riotinto**, 12 down at 324p and **Northern Mining**, 10 off at 130p.

In Coals, **Thiess Holdings** rose 7 more to 292p, continuing to reflect the recently announced increased profits and dividend and proposed one-for-five scrip issue.





FOOD PRICE MOVEMENTS

	September 7 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,083
Irish Special per ton	1,000	1,085	1,083
Ulster A.1 per ton¶	1,000	1,085	1,085
BUTTER			
NZ per 20 kg	12.50/12.72	12.59/12.72	12.59/12.72
English per cwt†	75.39	73.50	74.11
Danish salted per cwt†	78.08/80.02	70.98/70.52	76.98/77.55
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275	1,275	1,275
EGGS*			
Home-produce:			
Size 4	2.30/2.60	—	2.60/2.90
Size 2	3.00/3.40	—	3.60/3.90
	September 7 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	53.0/58.0
Eire forequarters	—	36.0/38.0	35.0/37.0
LAMB			
English	54.0/58.0	54.0/58.0	56.0/60.0
NZ PLs/PMs	53.0/33.5	50.0/54.0	53.5/54.5
PORK (all weights)	36.0/44.0	36.0/44.0	35.0/44.0
POULTRY—Broiler chickens	37.0/39.0	37.0/39.0	36.0/41.5

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery September 8-16.

WEST OF ENGLAND TRUST

Profits Doubled-Liquidity strong

Summary of results
Year ended 30th June 1978

	1978	1977
Profits after tax	£1,293,000	£646,000
Earnings per share	8.21p	4.27p
Dividends per share	1.53p	1.37p

Review by the Chairman, Mr. A. E. M. Harbottle.

* Operating profits increased sharply due to a strong performance by Tyndall Group throughout the year and were £856,000 after tax compared with £380,000 last year.
* Associated companies increased their earnings and the Group's share was £586,000 (£450,000).
* Group paying maximum permissible final dividend for year 0.88p (0.77p) PLUS a first interim dividend of 0.37p for year ending 30th June 1979, **totalling 1.25p per share in all to be paid on 10th November 1978.**
* 2nd interim dividend intended to be declared for year ending 30th June 1979 in April 1979.
* Group liquidity remains strong with balances with bankers and money at call of £4 million.
* Level of profitability has been maintained since end of accounting period.

Principal activities:
Tyndall Group – unit trusts and assurance.
Jordans – legal services and company search.
Commercial and Industrial investments.

West of England Trust Limited
Head Office: 18 Canynge Road, Bristol BS99 7UA.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (52)

BANKS (1)
ANZ

BEERS (1)
Wolvhmptn. Dudley

BUILDINGS (7)
Costain (R.) — Leyland Paint
Crouch (D.) — [illegible]
Downing (G. H.) — Taylor Woodrow
Latham (J.)

CHEMICALS (2)
Brent Chems. — Ransom (Wm.)

DRAPERY & STORES (5)
Burton Group — [illegible]
Casket — [illegible]
Lee Cooper — Wearwell

ELECTRICALS (3)
BICC — Plessey
Lec Refrigeration

ENGINEERING (6)
Birmingham Mint — Hampson
Capper-Neill — M.L. Hldgs.
Finsider — Mining Supplies

FOODS (1)
Northern Foods

INDUSTRIALS (10)
Braby Leslie — Mathesons 7½pc
Compton & Webb — Pentos
Electl. Indl. Secs. — Reed Internat'l
Excel — Scot. & Univ. Invs.
Hunting Assoc. — Smith Inds.

MOTORS (3)
Dowty — Western Motor
Tate of Leeds

PROPERTY (4)
Corn Exchange — Sunley (B.)
Mountview — Utd. Real Prop.

SHOES (2)
Newbold & Burton — Ward White

TEXTILES (3)
Hanvias (J.) — Snia Viscosa Priv.
Small & Tidmas

TRUSTS (3)
Crescent Japan — London & European
Haw Par

OILS (1)
Burmah

NEW LOWS (1)

TRUSTS (1)
Anglo-Int. Div.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	57	14
Corpns. Dom. and Foreign Bonds	6	7	52
Industrials	365	278	1,000
Financial and Prop.	93	96	288
Oils	9	8	19
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	7	[illegible]	[illegible]
Totals	473	[illegible]	1,562

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	17	405	+ 4	414	328
BP	£1	9	890	− 4	926	720
BATs Defd.	25p	8	280	− 2	304	227
Distillers	50p	8	202	+ 4	204	163
Beecham	25p	7	715	+ 5	725	583
Boots	25p	7	220	+ 2	233	184
Bowater	£1	7	197	− 2	212	163
Cadbury Sch'wps.	25p	7	58½	+ 3½	61	48
GEC	25p	7	312	+ 1	317	233
Reckitt & Colman	50p	7	505	− 2	522	392
RTZ	25p	7	243	+ 2	248	164
Shell Transport	25p	7	572	− 2	602	484
Dowty Group	50p	6	285	+ 6	285	152
GKN	£1	6	268	− 4	296	248
P & O Defd.	£1	6	89	+ 3	118	83½

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
33	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	77	+1	[illegible]	[illegible]	4.7	6.9
¶¶	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
85	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.1	6.1
115	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	151	+4	[illegible]	[illegible]	5.4	18.1

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FINANCIAL TIMES STOCK INDICES

	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 1	Aug. 31	A year ago
Government Secs.	70.58	70.53	70.58	70.18	70.34	70.48	[illegible]
Fixed Interest	72.74	71.86	71.75	71.62	72.05	72.14	[illegible]
Industrial Ordinary	508.7	503.5	503.5	493.4	499.0	496.2	[illegible]
Gold Mines	181.3	186.9	186.1	182.9	180.2	182.3	[illegible]
Ord. Div. Yield	5.27	5.30	5.30	5.40	5.36	5.36	[illegible]
Earnings Y'ld% (full) (*)	15.61	15.65	15.83	16.13	16.00	15.99	[illegible]
P/E Ratio (net) (*)	8.59	8.57	8.58	8.28	8.29	8.32	[illegible]
Dealings marked	4,564	4,932	4,370	4,604	4,922	5,065	[illegible]
Equity turnover £m	—	67.82	75.46	51.37	76.50	62.95	[illegible]
Equity bargains total	—	15,488	15,334	16,006	19,069	15,784	[illegible]

10 am 503.2. 11 am 502.4. Noon 504.8. 1 pm 505.8. 2 pm 505.9. 3 pm 506.9.
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.31.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1)	70.75 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	523.2 (2/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.5 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 7	Sept. 6
—Daily		
Gilt-Edged	141.6	[illegible]
Industries	155.1	[illegible]
Speculative	37.8	[illegible]
Totals	108.7	[illegible]
5-day Average		
Gilt-Edged	157.9	[illegible]
Industries	173.1	[illegible]
Speculative	34.8	[illegible]
Totals	107.5	[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 7	Jan. 8

For rate indications see end of Share Information Service

Money was given for the call of ICI, Metioy, Bridge Oil, Daejan, Rothmans, Grand Metropolitan, UDS, UDT, Smith Bros, Bay and Dobson, Pacific Copper, Compton Sons and Webb, Central and Sheerwood, Spillers, Ultramar, R. Green Properties, LCP, Wilson Walton, Oliver Rix, Johnson Group, Mersey Docks, Country and New Town, Proprietors of Hay's Wharf. Puts were done in J. Lyons, while doubles were arranged in Maple, Mersey Docks and Johnson Group.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	183	—	166	—	[illegible]	—	[illegible]
BP	800	100	—	127	—	[illegible]	—	[illegible]
BP	850	55	35	92	25	146	—	[illegible]
BP	900	26	26	66	—	112	—	[illegible]
BP	950	10	—	32	—	82	—	[illegible]

Totals: 348 | 252 | 103

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Sept. 7, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Wed. Sept. 6 Index No.	Tues. Sept. 5 Index No.	Mon. Sept. 4 Index No.	Fri. Sept. 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	243.51	+0.4	15.91	5.09	8.61	242.48	241.04	237.59	239.56	[illegible]
2	Building Materials (27)	216.15	+0.4	16.28	5.19	8.48	215.26	214.68	212.21	214.62	[illegible]
3	Contracting, Construction (27)	405.40	+0.3	17.18	3.82	8.45	404.17	402.90	396.12	395.78	[illegible]
4	Electricals (14)	536.76	+0.8	13.49	3.45	10.25	532.58	528.71	514.76	521.97	[illegible]
5	Engineering Contractors (14)	351.17	+0.6	18.33	5.93	7.36	348.91	346.11	344.26	349.08	[illegible]
6	Mechanical Engineering (72)	195.48	+0.5	16.83	5.56	7.93	194.48	192.63	190.72	191.70	[illegible]
8	Metals and Metal Forming (16)	173.09	−0.6	16.26	8.21	8.37	174.06	173.86	173.14	173.91	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (52)	217.72	—	16.10	4.86	8.65	217.69	217.52	213.17	214.40	[illegible]
12	Lt. Electronics, Radio TV (15)	266.34	−0.2	14.14	3.84	9.89	266.77	266.89	260.71	262.43	[illegible]
13	Household Goods (12)	181.09	+0.1	16.63	6.25	8.28	180.87	178.65	178.24	178.58	[illegible]
14	Motors and Distributors (25)	131.95	+0.3	19.14	6.21	7.25	131.60	131.55	129.10	129.79	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	218.65	+0.6	14.96	5.51	9.02	217.38	216.51	212.44	213.60	[illegible]
22	Breweries (14)	232.77	+0.5	14.91	6.03	9.22	231.66	229.68	226.99	228.23	[illegible]
23	Wines and Spirits (6)	287.40	+1.7	14.83	4.99	10.06	282.52	277.87	270.28	274.38	[illegible]
24	Entertainment, Catering (17)	264.48	+0.5	15.35	6.57	9.51	263.05	262.06	255.39	261.55	[illegible]
25	Food Manufacturing (21)	214.33	+0.7	17.75	5.17	7.44	212.74	212.59	209.69	209.33	[illegible]
26	Food Retailing (15)	225.25	+0.5	13.48	4.58	10.28	224.06	222.62	218.79	218.84	[illegible]
32	Newspapers, Publishing (13)	397.28	—	10.22	3.18	13.96	397.25	393.67	391.56	392.53	[illegible]
33	Packaging and Paper (15)	149.02	−0.4	17.46	7.13	7.53	149.61	149.29	146.33	147.14	[illegible]
34	Stores (40)	209.31	+1.3	10.33	4.32	14.20	206.64	206.14	201.12	202.04	[illegible]
35	Textiles (25)	179.58	+0.6	18.29	7.72	7.12	178.43	178.58	176.25	177.54	[illegible]
36	Tobaccos (3)	252.14	−1.0	21.83	7.44	5.42	254.71	253.73	249.13	250.18	[illegible]
37	Toys and Games (6)	116.95	−0.1	19.38	5.46	6.03	117.09	117.23	116.74	116.73	[illegible]
41	OTHER GROUPS (98)	213.53	+0.6	15.12	5.51	8.63	212.24	211.48	208.35	209.33	[illegible]
42	Chemicals (19)	303.45	+0.8	16.39	5.97	8.30	300.97	299.87	295.10	296.16	[illegible]
43	Pharmaceutical Products (7)	278.91	+0.4	10.28	3.66	12.02	277.67	277.43	274.01	274.85	[illegible]
44	Office Equipment (6)	144.06	—	16.71	5.28	7.09	144.05	142.76	140.66	142.17	[illegible]
45	Shipping (10)	420.75	+1.1	17.18	7.25	7.17	416.22	410.26	410.35	412.71	[illegible]
46	Miscellaneous (56)	225.59	+0.5	16.22	5.95	8.17	224.43	223.94	219.91	221.11	[illegible]
49	INDUSTRIAL GROUP (495)	230.80	+0.5	15.32	5.36	8.79	229.64	228.68	224.85	226.20	[illegible]
51	Oils (5)	505.03	−0.4	14.60	3.91	7.43	507.07	506.15	496.77	499.68	[illegible]
59	500 SHARE INDEX	253.90	+0.4	15.22	5.15	8.56	252.95	251.98	247.69	249.17	[illegible]
61	FINANCIAL GROUP (100)	171.78	−0.1	—	5.63	—	172.03	172.28	169.44	170.26	[illegible]
62	Banks (6)	191.89	−1.1	24.36	6.10	6.16	194.05	192.22	188.48	189.73	[illegible]
63	Discount Houses (10)	210.78	+0.1	—	8.21	—	210.66	210.28	210.28	214.38	[illegible]
64	Hire Purchase (5)	160.55	−1.2	15.17	5.13	8.70	162.44	160.77	158.83	159.10	[illegible]
65	Insurance (Life) (10)	143.30	−1.0	—	6.35	—	144.73	143.99	141.77	142.86	[illegible]
66	Insurance (Composite) (7)	129.34	+0.8	—	6.75	—	128.34	131.36	128.68	129.12	[illegible]
67	Insurance Brokers (10)	354.41	−0.4	13.36	4.48	10.71	355.83	353.21	347.21	348.20	[illegible]
68	Merchant Banks (14)	84.83	[illegible]	—	5.70	—	84.85	84.52	[illegible]	[illegible]	[illegible]
69	Property (31)	259.18	+0.7	3.32	2.90	52.26	257.50	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	113.05	+0.5	22.35	7.39	5.79	112.47	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	225.94	+0.2	3.08	4.57	32.43	225.53	224.77	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	109.15	+1.5	16.14	6.52	7.53	107.59	105.66	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	331.85	+1.6	15.03	6.74	8.33	329.77	328.86	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	232.54	+0.3	—	5.26	—	231.82	231.08	227.38	228.71	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thur. Sept. 7	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.86	+0.00	—	6.76
2	5-15 years	115.07	−0.16	—	7.99
3	Over 15 years	120.84	−0.14	—	9.36
4	Irredeemables	126.50	−0.39	—	8.92
5	All stocks	112.98	−0.09	—	7.80

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thur. Sept. 7	Wed. Sept. 6
1	Low Coupons	5 years	8.84	[illegible]
2		15 years	10.95	[illegible]
3		25 years	11.21	[illegible]
4	Medium Coupons	5 years	11.64	[illegible]
5		15 years	12.13	[illegible]
6		25 years	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]
10	Irredeemables		11.61	[illegible]

		Thurs., Sept. 7 Index No.	Yield %	Wed. Sept. 6	Tues. Sept. 5	Monday Sept. 4	Friday Sept. 1	Thurs. Aug. 31	Wed. Aug. 30	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.81	12.84	57.84	57.84	57.85	57.79	57.80	57.81	[illegible]
16	Investment Trust Prefs. (15)	51.38	13.64	51.38	51.38	51.38	51.52	51.52	51.34	[illegible]
17	Coml. and Indl. Prefs. (20)	70.74	12.91	70.66	70.66	70.69	70.64	70.67	70.75	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p. ● Corrected.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

Finlay Unit Trust Mngt. Ltd.

West Nile Street, Glasgow. 041-204 1321

Internat'l.	25.2	27.4	.....	2.05
Acc. Units	29.7	32.2	.....	2.05
Income	36.4	38.8	.....	7.56
Fo. Fin.	27.8	30.6	.....	4.89
Acc. Units	32.2	34.9	.....	4.89
Inv. Tst.	30.2	32.7	.....	3.95
Acc. Units	34.6	37.5	.....	3.95

August 30. Next dealing September 6.

Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	74.6	80.3	−0.3	4.75
Do. Accum.	86.0	92.6	−0.3	4.75
Growth	38.8	41.5	+0.1	2.73
Do. Accum.	41.6	44.5	+0.1	2.73
Capital	29.4	31.5	+0.1	2.96
Do. Accum.	32.2	34.4	+0.1	2.96
Income	55.2	59.0	+0.2	6.09
Do. Accum.	64.3	68.8	+0.2	6.09
International	49.2	53.2	+0.2	2.15
Do. Accum.	52.5	56.6	+0.1	2.15
High Yield	66.2	70.5	.....	7.67
Do. Accum.	70.2	74.7	.....	7.67
Equity Exempt*	108.1	114.1	.....	5.49
Do. Accum.*	108.1	114.1	.....	5.49

*Prices at Aug. 31. Next dealing Sept. 29.

CORAL INDEX: Close 508-513

INSURANCE BASE RATES

†Property Growth 10¼%

†Vanbrugh Guaranteed 9.37%

†Address shown under Insurance and Property Bond Table.

J.E.T. Managers (Jersey) Ltd.

PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	196.0	209.0	+12	—

As at August 31. Next sub. day Sept. 29.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$375.52	.....	1.93
Jardine J'pn. Fd.*	HK$390.07	.....	0.90
Jardine S.E.A.	$US21.32	.....	1.40
Jardine Flem. Int.	HK$12.42	.....	—
Intl. Pac. Secs. (Inc.)	HK$15.01	.....	—
Do. (Accum.)	HK$15.16	.....	—

NAV Aug. 31. *Equivalent $US82.54. Next sub. Sept. 15.

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Aug. 31	$US13.32	13.68	.....	—
CMT Ltd. Aug. 31	£13.82	14.18	.....	—
Metals Tst. Aug. 17	£12.22	12.52	.....	—
TMT August 11	$US11.38	11.59	.....	—
TMT Ltd. Aug. 11	£11.40	11.69	.....	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US16.97	+0.03	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

W. BERRY TEMPLETON LTD
Property Consultants
to Commerce and Industry
47 Great Russell Street London WC1B 3PA 01-637 4577

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
105⅛	101⅜	Treasury 11½pc 79‡‡	101⅞xd	.....	11.34	8.72
97	94¼	Treasury 3pc 79‡‡	95⅞xd	+⅛	3.14	7.46
97⅞	95⅛	Electric 4½pc 74-79	96xd	+⅛	4.43	8.32
104⅞	99⅞	Treasury 10½pc 79‡‡	100¼	.....	10.42	9.71
96½	94¼	Electric 3½pc 76-79	95⅜	.....	3.67	7.55
103⅛	96⅞	Treasury 9pc 1980‡‡	99	−⅛	9.09	9.67
102⅞	97⅛	Treasury 9½pc 80‡‡	98⅜	−⅛	9.66	10.08
95⅛	92⅜	Treasury 3½pc 77-80	93⅝	.....	3.74	7.40
96½	93¼	Funding 5¼pc 78-80‡‡	93⅞	.....	5.59	9.05
110¼	103⅛	Exchequer 13pc 1980‡‡	104	+⅛	12.50	10.85
106¼	99⅞	Treasury 11½pc 1981‡‡	100⅞	+⅛	11.39	10.98
91⅝	88¼	Treasury 3½pc 1979-81	89⅝	.....	3.91	8.27
101¼	95⅝	Treasury 9¾pc 1981‡‡	97⅛xd	.....	10.04	11.09
97⅞	91⅞	Exch. 8¼pc 1981	93⅞	.....	8.81	10.94
100¾	94¼	Exch. 9¾pc 1981	95⅞	.....	9.92	11.21
87⅞	85⅝	Exch. 3pc 1981	86⅞	.....	3.48	8.32
97⅞	95⅞	Treas. Variable 81‡‡	95⅞	−⅛	9.97	10.09
111	102⅞	Exch. 12¾pc 1981‡‡	103⅞	−⅛	12.30	11.50
99⅜	91⅜	Treas. 8½pc 80-82‡‡	93⅞	−⅛	9.12	10.95
85⅝	82⅞	Treasury 3pc 82‡‡	84¼	.....	3.54	8.12
115⅞	106¼	Treasury 14pc 82‡‡	107¾xd	−⅛	12.99	11.29
96⅛	94⅜	Treas. Variable 82‡‡	94⅞	−⅛	10.08	11.29
96⅝	89⅝	Treasury 8¼pc 82	91¼	−⅛	9.04	11.10
100¼	91⅞	Exch. 9¼pc 1982	92¼xd	−⅛	9.97	11.55
96⅞	89½	Exch. 8¼pc 1983	90⅞	−⅛	9.64	11.47
85¼	79⅜	Exch 3pc 83	81¼	.....	3.67	7.94
114¼	100½	Treasury 12pc 1983‡‡	101⅞xd	−⅛	11.79	11.49
100⅛	89⅝	Treasury 9½pc 83	92½	−⅛	10.11	11.57

Five to Fifteen Years

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
95⅞	93	Exch. 10pc 1983	94½	−⅛	10.75	11.82
89⅝	80¾	Funding 5½pc 82-84‡‡	83⅛	−⅛	6.68	9.82
96⅜	86⅛	Treasury 8¼pc 84-86‡‡	83¼	−⅛	9.73	10.93
87⅝	77½	Funding 6½pc 85-87‡‡	80¼	−⅛	8.34	10.43
89⅝	79⅜	Treasury 7¾pc 85-88‡‡	81⅞	.....	9.59	11.08
68⅜	60⅛	Transport 3pc 78-88	64⅛	−¼	4.72	8.56
75⅝	64¼	Treasury 5pc 86-89	67⅞	−¼	7.59	10.20
115¼	101⅞	Treasury 13pc 1990‡‡	106	−⅛	12.50	12.31
89⅝	77½	Treasury 8¼pc 87-90‡‡	81½	−⅛	10.37	11.44
106½	92½	Treasury 11¾pc 1991	97⅝	−⅛	12.28	12.42
75⅛	63⅜	Funding 5¾pc 87-91‡‡	64⅞xd	−¼	8.82	10.91
112⅛	98½	Treasury 12¾pc 92‡‡	102⅞	−⅛	12.60	12.54
96⅜	84⅞	Treasury 10pc 1992	86	−⅛	11.70	12.21
113	97¼	Exch. 12¼pc 92	98⅝	−⅛	12.48	12.53

Over Fifteen Years

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
110⅜	96½	Treasury 12½pc 93‡‡	101¼	−⅛	12.58	12.59
72⅜	60¾	Funding 6pc 1993‡‡	61⅞xd	−¼	9.68	11.32
120¼	104½	Treasury 13¾pc 1993‡‡	110½	−⅛	12.92	12.76
128⅞	110⅞	Treasury 14½pc 94‡‡	111⅞	−⅛	12.99	12.77
114⅛	97¼	Exch. 12½pc 1994	99½	−⅛	12.64	12.56
89⅞	76¾	Treasury 9pc 94‡‡	81⅝	−⅛	11.46	12.02
106¼	93	Treasury 12pc '95	97⅜	−⅛	12.51	12.58
51⅞	43½	Gas 3pc 90-95	45⅛	−⅛	6.56	9.73
95	82⅞	Exch. 10¼pc 1995	85½	−⅛	12.04	12.36
114⅞	98⅝	Treasury 12¾pc '95‡‡	104⅝	−⅛	12.68	12.65
90½	76⅞	Treasury 9pc 92-96‡‡	77⅞xd	−⅛	11.59	12.10
131½	114½	Treasury 15¼pc '96‡‡	121⅛	−⅛	13.17	12.94
117⅝	101⅝	Exchequer 13¼pc '96‡‡	107⅞	−⅛	12.78	12.71
50	42¼	Redemption 3pc 1986-96	43⅞xd	.....	6.81	9.57
115¼	100⅞	Treasury 13¼pc '97‡‡	105⅜	−⅛	12.79	12.72
98⅞	85	Exchequer 10½pc 1997	86⅝	−⅛	12.23	12.47
83¼	74¼	Treasury 8¾pc 1997‡‡	75⅛	−⅛	11.67	12.16
72¼	60	Treasury 6¾pc 95-98‡‡	63½	−⅛	11.05	11.91
135⅜	117	Treas. 15½pc '98‡‡	117⅞xd	−⅛	13.10	12.93
99⅜	93⅛	Exch. 12pc 1998	99	−⅛	12.60	12.64
90½	77⅛	Treasury 9½pc 1999‡‡	80¼	−⅛	11.98	12.27
96¼	83¼	Treasury 10½pc 1999	86⅝	−⅛	12.35	12.47
55¼	54⅛	Exch. 12pc 99-02 £25pd	54¾	−⅛	12.59	12.62
42⅛	34¾	Funding 3½pc 99-04	36⅝	−⅛	9.70	11.00
80⅞	66½	Treasury 8pc '02-06‡‡	66⅞xd	−⅛	11.88	12.11
58⅜	46⅞	Treasury 5½pc '08-12‡‡	47⅞xd	−⅛	11.66	11.93
76⅝	62½	Treasury 7¾pc '12-15‡‡	65¼	−⅛	12.05	12.15
97¾	93½	Exch. 12pc '13-17	97⅜	−⅛	12.60	12.60

Undated

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
37⅛	30⅛	Consols 4pc	32¼	−⅛	12.57	—
37⅛	29¾	War Loan 3½pc‡‡	31⅞	−⅛	11.50	—
39¾	33	Conv 3½pc '61 Aft.	34⅝xd	.....	10.12	—
28⅝	23½	Treasury 3pc 66 Aft.	23⅞xd	.....	12.65	—
24⅛	19⅞	Consols 2½pc	20⅛xd	−⅛	12.23	—
24	19⅝	Treasury 2½pc	19⅝xd	−⅛	12.64	—

INTERNATIONAL BANK

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
88	82½	5pc Stock '77-82	82½	.....	6.05	10.52

CORPORATION LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
98¼	93¾	Birm'ham 9¾pc '79-81	94¼	.....	9.78	11.49
94¼	88¾	Bristol 7¾pc '79-81	89¼	.....	8.64	11.69
107	100¼	G.L.C. 12½pc '82	101	−¼	12.37	12.13
112	100¼	Do 12½pc 1983	100½	−¼	12.44	12.35
97¼	90½	Glasgow 9¼pc '80-82	92¼	.....	10.03	11.63
94	90¼	Herts. 5½pc '78-80	92	.....	5.71	10.45
102½	90½	Liverpool 9½pc '80-84	96	.....	10.49	11.44
29¾	25¾	Do. 3½pc Irred.	26xd	.....	13.56	—
99¼	89	Lon. Corp. 9¼pc '84-85	89xd	.....	10.32	11.41
97¼	94¼	L.C.C. 6pc '76-79	96⅛xd	.....	6.23	9.95
92½	84½	Do 5½pc '77-81	87¼xd	.....	6.29	10.52
87½	76½	Do 5½pc '82-84	80	.....	6.94	10.30
70½	65¾	Do 5½pc '85-87	70	.....	8.01	11.18
78	66	Do 6¾pc '88-90	68½	.....	11.95	10.01
26½	22½	Do 3pc '20 Aft.	23⅛xd	.....	12.99	—
93¾	91	Middx. 5¼pc 1980	93xd	.....	5.64	10.29
99½	94¼	Newcastle 9¾pc '78-80	96⅛xd	.....	9.56	11.08
106¼	100¾	Warwick 12½% 1980	102	.....	12.25	11.36

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
95¼	92⅝	Aust. 5½pc '77-80	94⅝	+½	5.87	10.73
88¼	82¼	Do 5½pc '81-82	82¾xd	+¼	6.65	11.52
99¾	96¼	N.Z. 4pc '76-78	99¼	.....	4.07	10.42
96½	92	Do. 6pc '76-80	93⅝xd	+⅛	6.42	10.85
87¼	81⅛	Do 7½pc '83-86	82½	+½	9.22	11.14
95½	91	Sth. Africa 9½pc '79-81	95	.....	10.36	12.73
70	50	Sth. Rhod. 2½pc '65-70	56	+1	—	—
96	77	Do 6pc '78-81	79	.....	—	—

LOANS

Public Board and Ind.

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
64½	58½	Agric. Mt. 5pc '59-89	61	−½	8.32	11.54
90½	80¾	Alcan 10½pc '89-94	84½	.....	12.88	13.30
33¾	27½	Met. Wtr. 3pc 'B'	27¾xd	.....	12.47	12.56
154	107	U.S.M.C. 9pc 1982	145	+1	6.33	—
95½	87	Do. without Warrants	91	.....	10.18	12.20

Financial

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
107¼	101	FFI 13pc 1981	102¼	+¼	12.72	11.85
110	102	Do 14pc '79	105	.....	13.84	13.10
114½	102½	Do 14pc '81	108½	+¼	13.26	12.51
85	79½	ICFC 5½pc Deb. '80-82	81½xd	.....	6.75	11.00
81½	75¼	Do 6¼pc Db. '81-84	78½	.....	8.19	11.60
99	89½	Do 10¼pc Uns. Ln. '86	91½	.....	11.71	12.50
99¼	90½	Do. 11pc Uns. Ln. '88	95½	.....	12.01	12.40
101½	90½	Do 11¾pc Uns. Ln. '90	96	.....	12.51	12.70
71½	62½	Do 7¼pc A Deb. '89-92	63	.....	11.55	13.20
71½	61	Do 7¼pc A Db. '91-94	61½xd	.....	11.79	13.00
84½	73	Do 9pc 'A' '91-94	74xd	.....	12.16	12.97
81¼	68	Do 8pc Ln. '92-97	72xd	.....	12.33	12.80

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	.....	—	—
41	33	Do 5pc Pref.	41	.....	—	—
98	98	Chilean Mixed	98	.....	—	13.10
415	250	German Yng. 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	52	.....	3½	16.90
51	46	Do 6pc '28 Stab. Ass.	50	.....	6	6.0
[illegible]	[illegible]	Do 4pc Mixed Ass.	[illegible]		[illegible]	5.05

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 42¾% (based on $US1.9245 per £)
Conversion factor 0.7022 (0.7030)

CANADIANS

S.E. List Premium 42¾% (based on $2.2404 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel. 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57 43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86 01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

a fully integrated banking service

DAIWA BANK

Head Office: Osaka, Japan

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
61	35	Berymin	50	......	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	250	+5	‡Q30c	2.6	‡
465	245	Northgate C$1	355	−10	—	—	—
248	164	R.T.Z.	242	+2	9.5	2.8	5.9
90	30	Sabina Inds. C$1	51	......	—	—	—
812	750	Tara Exptn. $1	812	−36	—	—	—
73	43	Tehidy Minerals 10p	70	......	‡1.55	ф	2.9
185	120	Yukon Cons. C$1	155	......	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	......
Ash Spinning	46	......
Bertam	20	......
Edg'wtr. Est. 50p	311xd	......
Clover Croft	25	......
Craig & Rose £1	520	......
Dyson (R. A.) A.	39	......
Ellis & McHdy	63	......
Evered	27	......
Fife Forge	52xd	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	125	......
Higsons Brew	77	......
I.O.M. Stm. £1	152	......
Holt (Jos.) 25p	260	......
N'thn. Goldsmith	67	+3
Pearce (C. H.)	190	+5
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	63	......
Sindall (Wm.)	105	......

IRISH

Conv. 9% '80/82	£92¼	......
Alliance Gas	62	−1
Arnott	360	......
Carroll (P.J.)	100	......
Clondalkin	88xd	+1
Concrete Prods.	132xd	......
Heiton (Hldgs.)	48	......
Ins. Corp.	160	......
Irish Ropes	130	......
Jacob	63	......
Sunbeam	33xd	......
T.M.G.	170	+2
Unidare	120	+3

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	6	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	11	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	4	Ultramar	20
Glaxo	40	Plessey	6	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	12	Cons. Gold	14
Guardian	13	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	29	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

HALL & PICKLES
SHEFFIELD
STEEL AND TOOLS

FINANCIAL TIMES

Friday September 8 1978

BELL'S
SCOTCH WHISKY
BELL'S

Wilson knew oil was going to Rhodesia

BY OUR FOREIGN STAFF

SIR HAROLD WILSON admitted last night that he knew oil refined by British companies had been reaching the illegal regime in Rhodesia in 1968. He also said that he had received a letter on the subject in March of that year from the then Commonwealth Secretary, Mr. George Thomson (now Lord Thomson of Monifieth).

In a statement last night, the former Prime Minister maintained, however, that the letter gested recently in the Press. The had not been in the terms sug-Government had been satisfied there had been no direct break of sanctions by UK oil companies.

On Wednesday, Lord Thomson of Monifieth claimed that Sir Harold and other Cabinet Ministers knew British oil was being diverted into Rhodesia from Lourenco Marques. Lord Thomson said that he had told his Cabinet colleagues of this in writing.

Yesterday, Sir Harold issued a lengthy statement in which he acknowledged the existence of a letter from Lord Thompson explaining how oil was getting through to Rhodesia in spite of sanctions.

Sir Harold, who has checked through the documents in the Cabinet office, accepted that the letter said that there was no way of stopping oil supplies reaching Rhodesia without the co-operation of South Africa and Portugal.

Sir Harold commented: "It is therefore a fact that there was a letter though not in the terms which have been suggested.

"It is a fact that successive ministerial meetings were preoccupied with this question but not with the role of Shell and BP.

"What was known and stated to the ministerial committee was that oil sold by British companies to South African agents for transmission to South Africa was diverted to Rhodesia and that oil companies met the Government's request to stop sales to dubious agents."

Sir Harold added: "Nevertheless, I certainly agree with Lord Thomson's last paragraph in his statement that in 1968 the Government concentrated on ensuring that British oil companies wer observing British law.

"He makes it clear that he cannot speak at all of what happened regarding Rhodesia's oil supplies after the Conservative Government took over in 1970, but he is certainly right in saying: 'As far as what occurred when the Wilson Government found British oil was getting into Rhodesia, we stopped it, we tried to get other Governments to stop it, and in our attitude to the oil companies, the Government, as a whole, acted in the best interests of the British economy and the pursuit of a peaceful settlement.'"

Sir Harold quoted the March 1968 letter from Lord Thomson to him as saying: "Although we are satisfied that British oil companies have at no time been directly involved in the supply of oil to Rhodesia through Mozambique, we now know that a good deal of the oil which is getting to Rhodesia has been coming from refined products through to Lourenco Marques by the French, British and United States oil companies . . . inquiries by ShellBP revealed that a good deal of the oil delivered to South African customers for Lourenco Marques—including some deliveries by Shell/BP—was being diverted within Mozambique to Rhodesia."

CBI outlines its policy to boost economy

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE Confederation of British Industry today outlines policies which, with the help of North Sea oil, it claims could lift Britain's growth rate above 3? per cent in the years to 1981 and create 1m new jobs.

They are outlined in a document, "Britain Means Business 1978" rushed out two weeks ahead of the planned publication date because the CBI believed an autumn election was imminent.

Mr. John Greenborough, the president, made it clear yesterday that the policies "are particularly relevant to any pre-election debate."

However, the main purpose of the document was to bring together all the agreed CBI policies for the regeneration of UK industry and commerce so that it could form a background to the second national conference which more than 1,000 confederation delegates are expected to attend at the Dome, Brighton, on November 6 and 7.

Mr. Greenborough said the document "sets out the agreed views of businessmen who are responsible for creating our national wealth. It is put forward by practical, independent people whose aim is to put Britain back on its feet as one of the great trading nations of the world.

"Its policies have been well researched and fully costed. We believe they will work and at the very least they offer a yardstick against which everyone can make judgments and decisions affecting all our futures."

The "polocies for prosperity" outlined in the document have been advocated consistently for the past three years by the CBI. Many were first brought together in the 1977 conference document.

The new one insists that "the over-riding priority is to conquer inflation."

However, the CBI has this time incorporated much of the new work it has done on the potential for government expenditure cuts needed to help compensate for the tax changes it is calling for.

Tax cuts

The confederation does not advocate major cuts in the volume of government spending "but the stabilisation of the total at its present high level over the years to 1981-82."

It suggests that there is a need for increases in some areas—such as overseas aid and other overseas services; law and order; and health and personal social services.

But cuts could be made in subsidies to public authority housing and "some transport subsidies merit attention." The CBI declares "while in the longer term it is right that pensions and other social security benefits should rise in real terms, over the next few years priority should be given to those in employment who in relative terms have done worst."

On the tax front, the confederation is caling for cuts totalling £5.25bn by 1981-82, in real terms similar to its proposals last year since when there have been some reductions.

The main change is that the CBI now wants a maximum tax rate of 50 per cent on higher incomes compared with the 60 per cent mentioned last year. This arose from the strength of feeling about the subject at the 1977 national conference.

The document also sets out recent developments in the CBI's thinking on pay determination. It urges a national forum—possibly an all-party Parliamentary select committee—"to influence expectations without setting norms." It wants some public service settlements dates moved to the end of the pay round "so that any going rate for pay increases is set by the private sector." And it proposes a gradual shortening of the pay round "to avoid bidding up the going rate."

The confederation stresses the UK's dependence on world trade. "Britain is more dependent on foreign trade than any other major industrial country," it says. And it rejects the idea of import controls. "Competitiveness at home and abroad is the key, not protection of the home market."

Details Page 7. Editorial Comment, Page 16

Export growth rate expected to improve

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of Britain's exports should pick up in the second half of this year after showing little change in the first six months.

This is indicated by the Department of Trade's latest survey of short-term export prospects published yesterday.

The volume of total UK exports is expected to show an increase of around 4 per cent, on a seasonally adjusted basis, between the two halves of 1978, with continued expansion, but probably at a lower rate, in the first quarter of 1979.

For 1978 as a whole, export volume is forecast to increase by around 4 per cent over last year compared with the rise of 8½ per cent achieved in 1977.

The latest estimates for 1978 confirmed forecasts made in the previous Department of Trade survey in June and they are also in line with projections made by the Treasury and many non-Whitehall economists. But imports have been rising faster than earlier hoped, or forecast, with the result that the 1978 current account surplus is likely to be smaller than projected in the April Budget.

The Financial Times survey of business opinion earlier this week was relatively bullish about export prospects, though the CBI trends survey in August reported a deterioration in export order books, notably in the consumer goods sector, compared with the recent past.

These surveys suggest that the growth of UK exports is now more or less back in line with that of world trade generally after increasing twice as rapidly last year.

There is no clearcut explanation for this improvement folowing the steady decline in Britain's share of world trade in the 1960s and early 1970s, though the UK's position has tended in the past to be relatively stronger when trade has been growing slowly.

Moreover, in spite of sterling's buoyancy against the dollar this year, the trade weighted index against a basket of 2 0other currencies has fallen by about 6 per cent during 1978 and some of the UK's competitive edge in terms of relative costs and profits has been retained since the 1976 depreciation. The Department of Trade survey is derived from forecasts of exports made in July and August by 61 companies covering about one-third of the total value of UK exports.

The increases projected by the largest exporters do not correspond automatically to the estimated rise in overall exports though the general trend is similar.

The major companies expect the volume of their exports in the second half of this year to be around 14 per cent higher than a year earlier and for this rate of growth to be maintained in the first quarter of 1979. These increases reflect the comparatively low figures in the fourth quarter of 1977 and the first quarter of this year.

The increase in the volume of exports reported by the major exporters for the second quarter of this year is below the rise forecast in the previous survey but their forecasts for the second half of this year are little changed.

The latest figures of price increases for the large exporters are about 3 per cent up in the second and third quarters of 1978 compared with a year earlier followed by forecast rises of 6 and 8 per cent in the two subsequent quarters. The forecasts have been revised downwards, perhaps reflecting the relative stability of sterling at the time of the recent survey.

Lloyd's record profits

By John Moore

LLOYD'S OF London, the world's leading insurance market, announced record insurance profits of £135.2m yesterday, and at the same time warned that motor premiums would have to rise by 15 per cent to 20 per cent in the new year.

The increase in motor insurance premium rates is because of the increased number of accidents and the higher cost of repairs to cars and personal injury awards. Motor insurance syndicates at Lloyd's have been dealing with 11 claims this year for every ten in 1975.

Profit figures for 1975 are up by £53.8m. These are the latest figures available because Lloyd's leaves its account open for three years to catch all the claims that arise on the business insured each year.

But the tone of Lloyd's experts yesterday was one of caution. Premium rates in relation to the rise of risks covered, are at their lowest level for ness, while competition is at its years on many classes of busimost severe. Mr. Ian Findlay, chairman of Lloyd's, warned that there were difficult times ahead.

He also said thatap plications to join Lloyd's were 10 per cent down on the previous year. There seemed little likelihood that capacity would be impaired, however.

The committee of Lloyd's will not need to limit the inflow of new members, as seemed possible earlier this year. In June Mr. Findlay had warned that such action might be necessary because insurance business growth had not kept pace with the growth of available insurance markets.

News Analysis, Page 21

Further support planned for $, says Blumenthal

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Sept. 7.

THE U.S. is to announce further measures to support the dollar, according to Mr. Michael Blumenthal, the Treasury Secretary.

In a brief statement last night after talks with Mr. Takehiro Sagami, Japanese Vice-Minister of Finance for International Affairs, Mr. Blumenthal declined to specify what actions the U.S. was considering.

Some indication could be gleaned from the meeting starting tomorrow in Paris of the deputies of the Group of Ten major industrialised nations. The U.S. will be represented at this session by Mr. Anthony Solomon, who handles international monetary affairs.

It is undersaood that activation of the General Arrangement to Borrow is high on the Paris agenda. It is generally assumed here that such action would be needed if the U.S. were to draw on its unconditional credit available at the International Monetary Fund, since such a drawing would severely deplete the Fund's supply of usable hard currencies.

At the same time, greater than usual interest is likely to be focused on next week's discussions in Basle between the main central bank governors. Mr. Jacques de Larosiere, the new managing director of the IMF, will be attending for the first time.

Sterling balances

IMF officials stress that there is nothing exceptional in Mr. de Larosiere's visit, which will be preceded by consultations in London tomorrow with Mr. Denis Healey, Chancellor of the Exchequer. The main order of business at Basle is the six-monthly review of the sterling balances agreement, which alone could justify Mr. de Larosiere's presence, as it did that of his predecessor, Dr. Johannes Witteveen.

Nevertheless, the Paris and Basle sessions could clearly provide the opportunities for international consultation required prior to a new U.S. initiative on the dollar, such as a drawing from the IMF.

Yesterday, in the course of Congressional testimony, Mr. G. William Miller, the Fed chairman, stated that the U.S. could stabilise the dollar if it acted within the next 60 days.

Mr. Miller was more concerned with the implementation of policies designed to control inflation and curb energy imports than with specific actions on the monetary front.

Michael Blanden writes: The dollar showed substantial gains against other leading currencies in early trading yesterday, as European markets reacted to the news of Mr. Blumenthal's comments.

Markets remained thin and nervous, however, and in later trading the U.S. currency slipped back to close in London at levels little changed from the previous day.

At the end of dealings the dollar stood at DM1.9875—up slightly from the previous day's DM1.9810. It was also a little better against the Swiss franc.

The pound was affected by uncertainty ahead of the Prime Minister's statement. Sterling ended the day with a loss of 50 points at $1.9375, with its trade-weighted index slipping from 62.3 to 62.2.

No end to Chrysler strike in sight

BY NICK GARNETT AND ALAN PIKE

SHOP STEWARDS at Chrysler's Dunstable and Luton commercial vehicle plants which have been shut down by a strike since last Friday decided yesterday that the result of peace talks earlier this week provided no basis for a return to work.

The stewards also warned that they could see no early solution to the dispute which involves a claim by the factories' 2,500 workforce for pay parity with the company's Coventry plant.

After talks at the TUC on Tuesday, Mr. Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers, said claims would be made to the Central Arbitration Committee and the company had undertaken to abide by the committee's decision. It had also said it was prepared to introduce a new pay structure as quickly as possible with more realistic differentials.

Mr. Jack Button, the union convenor at Dunstable said this had always been the company's position and the only hope of an early return to work was for the committee's hearing—set for September 26—to be brought forward.

Meanwhile, union leaders will, next week, tell Mr. Eric Varley, the Industry Secretary, that the Government should not make a decision on the Peugeot-Citroen offer for Chrysler's European operations until the French company agrees to hold discussions with the unions.

Peugeot-Citroen has so far been unwilling to hold such talks until after Government pproval is given.

Continued from Page 1

Callaghan's gamble

of nine in practical terms. So Mr. Callaghan needs the support of at least one of the minority parties if he is to stay in office.

His best chance by far lies in seeking backing from both the Scottish National Party with 11 MPs, and Plaid Cymru, with three but there were very conflicting reactions from the Nationalists last night.

Mr. Gordon Wilson, SNP deputy leader, said his party would have to study the Queen's Speech, but it was likely that they would decide to vote with the Oppossition.

On the other hand Mrs. Winifred Ewing, another Nationalist MP, thought there was the possibility of an informal liaison provided there was a "mild" Queen's Speech and no nationalisation measures.

The key must be whether the Nationalists want an early election, and in Mr. Callaghan's favour is the fact that they have not performed well in recent by-elections.

Weather

UK TODAY

SOME MIST, rain later in the day.

London, SE, E. NE England, E Anglia

Early fog, sunny intervals, some rain. Max 19C (66F).

NW, Cent S, Cent N England, E Midlands, Channel Is

Some rain, sunny intervals. Max 19C (66F).

SW England, Wales, Isle of Man, N Ireland

Rain, sunny intervals. Max 18C (64F).

Lakes, SW Scotland, Argyll, Glasgow

Rain, sunny intervals. Max 16C (61F).

Borders, Edinburgh, Dundee, Aberdeen, Highlands, Moray Firth, N Scotland

Sunny intervals, some rain. Max 16C (61F).

Orkney, Shetland

Cloudy, fog, some rain. Max 12C (54F).

Outlook: Rain, some dry periods.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsterdm.	C	17	63	Luxemb'g	C	16	61
Athens	F	30	86	Madrid	S	26	79
Bahrain	S	35	95	Manchstr.	R	16	61
Barcelona	C	24	75	Melbourne	C	11	52
Beirut	S	29	84	Milan	F	22	72
Belfast	C	16	61	Montreal	C	11	52
Belgrade	C	20	68	Moscow	C	15	59
Berlin	R	12	54	Munich	C	15	59
Brmnghm.	C	18	64	Newcastle	R	17	63
Bristol	F	20	68	New York	C	27	81
Brussels	C	18	64	Oslo	C	14	57
Budapest	C	24	75	Paris	C	20	68
B. Aires	C	14	57	Perth	C	19	66
Cairo	S	33	91	Prague	C	16	61
Cardiff	C	19	66	Reykjavik	F	13	55
Chicago	S	27	81	Rio de J'o	C	28	82
Cologne	C	19	66	Rome	R	23	73
Copnhagn.	C	15	59	Singapore	S	29	84
Dublin	F	17	63	Stockholm	C	12	54
Edinburgh	R	15	59	Strasbrg.	C	20	68
Frankfurt	C	19	66	Sydney	R	15	59
Geneva	R	16	61	Tehran	S	26	79
Glasgow	R	15	59	Tel Aviv	S	29	84
Helsinki	F	15	59	Tokyo	S	26	79
H. Kong	S	29	84	Toronto	C	18	64
Jo'burg	S	21	70	Vienna	F	20	68
Lisbon	S	26	79	Warsaw	F	19	66
London	R	16	61	Zurich	C	17	63

HOLIDAY RESORTS

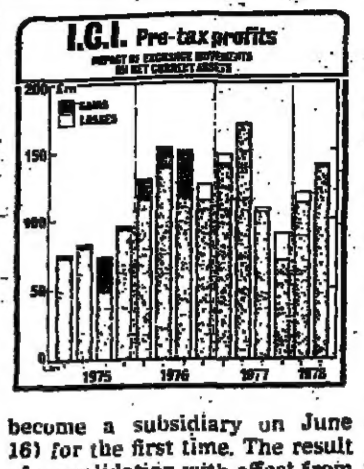
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	24	75	Jersey	S	18	64
Algiers	F	30	86	Las Plms.	S	25	77
Biarritz	C	19	66	Locarno	C	21	70
Blackpool	C	16	61	Majorca	F	26	79
Bordeaux	R	19	66	Malaga	S	25	77
Boulogne	C	16	61	Malta	F	25	77
Casablnca.	S	24	75	Nairobi	S	25	77
Cape Town	C	17	63	Naples	C	20	68
Corfu	C	20	68	Nice	F	23	73
Dubrovnik	C	22	72	Nicosia	S	28	82
Faro	S	32	90	Oporto	C	23	73
Florence	C	24	75	Rhodes	F	27	81
Funchal	F	24	75	Salzburg	R	15	59
Gibraltar	S	23	73	Tangier	S	29	84
Guernsey	S	18	64	Tenerife	S	21	70
Innsbruck	F	17	63	Tunis	F	22	72
Inverness	R	16	61	Valencia	S	31	88
Isle of Man	C	17	63	Venice	R	16	61
Istanbul	S	29	84				

F—Fair, S—Sunny, R—Rain, C—Cloudy.

THE LEX COLUMN

Tubes' aluminium decision

Index rose 5.2 to 508.7



After its recent attack of election jitters the stock market may be modestly relieved at the absence of an early poll. Yet the election will continue to be an ever-present factor in the background, and the Government may now have time for more attempts to improve its popularity rating—maybe we have not yet seen Mr. Denis Healey's last Budget.

British Aluminium

Over the past 20 years British Aluminium has been a decent but far from spectacular investment for Reynolds Metals: roughly speaking it put in around $50m in the late 1950s, and is now pulling out for $86m. The firmness of the world aluminium market is allowing BA this year to hold and perhaps slightly better the much improved profits of £24.1m pre-tax recorded in 1977, providing Reynolds with a good opportunity for disinvestment. Like a number of U.S. companies, Reynolds currently finds domestic opportunities a good deal more attractive than overseas operations.

For Tube Investment (until now the 51 per cent parent) the move by Reynolds seems to have posed a difficult choice. Not to have taken up its option on any of the stake being sold by Reynolds might have suggested a lack of faith in this subsidiary. To have absorbed all of it would have involved financial strain and had little rationale given that, as TI put it yesterday, "there are no significant trading relationships between the TI Group and BA." In the event TI has taken 1m shares for £7.75m, increasing its interest to 58 per cent.

The buyers of the other £37m worth are the ever-hungry institutions, attracted in by a yield of 9.6 per cent and a fully taxed prospective p/e of just under 8. Suddenly the UK stock market now boasts a modest aluminium sector, with this placing of BA following closely on the June debut of Alcan Aluminium (UK). It is a sector which, on the basis of the profit records of its two constituents, should provide an interesting but bumpy ride.

BP

BP had good reason to be worried about the interpretation of its first half figures after the consolidation of Sohio (which become a subsidiary on June 16) for the first time. The result of consolidation with effect from the beginning of the year (but presumably excluding Sohio's pre-acquisition profits) is that there is no comparison between the two half-years. Nevertheless, the reported figure of net income, at £206.4m against £254.3m last time, is broadly in line with market expectations.

The second quarter's net income comes out at £120.8m, against £109.5m last time, but without Sohio there would have been a decline from £101m to £74.6m. The other main leg of BP's operations—the Forties Field—raised its contribution but downstream activities continue to produce disappointing results in relation to capital employed. With underlying performance showing some improvement—which BP says is continuing into the third quarter—net income (on an ED 19 basis) for the full year could be £550m or a little more. This puts the shares on an undemanding multiple of 6, though the yield is less than 4 per cent.

ICI

For once there are no surprises in ICI's quarterly figures and the shares closed a few pence higher at 405p where they yield 6.1 per cent. Second quarter pre-tax profits of £139m are £29m down on the comparable period of last year but it is the comparison with the very depressed second half of 1977 which is more relevant, and here there are signs that ICI is over the worst. Strip out exchange rate movements and ICI's profits are 31 per cent on the previous six months.

Not that one should carried away with this ment. The second qua always sees a surge in sales profits of the Canadian tion (worth maybe an £10m on the preceding quar and although European volume was up by around cent, prices across the only rose by one per cent and the fibres operation has tinued to lose money. decline in sterling has taken some of the pressure ICI but the group's profits tinue to suffer from the of overcapacity.

The key question now whether ICI can sustain modest improvement second half—over the last years analysts' projections been badly upset by pectedly poor performance the second six months. as volume and prices conti to creep up, ICI should be to top £500m in the full and it is perhaps reassur that so far the group has thought it necessary to cut on its ambitious capital ment programme currently ning at £700m per annum.

Cadbury Schweppes

Having warned the market to expect much change in half results Cadbury Schwep duly obliged yesterday pre-tax profits of against £18.7m last time. Desp a 7 per cent increase in to £253.7m, UK trading have dropped £2m. Behind lies a small improvement confectionery results, a dec in profits from drinks and major setback in tea and foo

A similar pattern seems exist in Australia, where are up 10½ per cent and has declined by 12 per cent £3.8m. But here the shortfall arisen mainly on confectio The greatest part of the third increase in Europe trading profits arose in Irela In North America, Canada tributed marginally more, the U.S. incurred an increa loss. The critical factor the launch cost of the franchised drink, Rondo.

If all goes well in the sec half full-year profits could more than £55m (£48m), puts the shares, at 58½p, prospective p/e of about 9 taxed.

UPPER THAMES STREET EC4
Broken Wharf House
New Air Conditioned Office Building
37,000 sq.ft.
With Restaurant and Two Penthouse flats with superb views over the Thames
To Let £7·60 per sq.ft. OVERALL
Apply
Healey & Baker
Established 1820 in London
118 Old Broad Street, London EC2N 1AR
Telephone 01-628 4361
GARRETT, WHITE & POLAND
Chartered Surveyors
36 St Andrews Hill EC4V 5DJ
01-248 3771

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
© The Financial Times Ltd., 1978

[صورة عن الاصل]